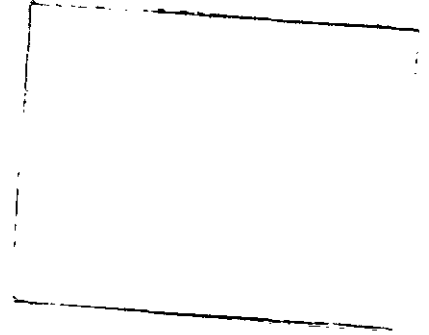


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SAFE HARBOR, INC.

REPORT OF THE AUDIT OF THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-26-05

SAFE HARBOR, INC.
REPORT OF THE AUDIT OF THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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DELPHINE A. CUPPAY
CERTIFIED PUBLIC ACCOUNTANT
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Slidell, LA 70460
Phone/FAX (985) 781-4931

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Safe Harbor, Inc.
Slidell, LA 70458

I have audited the accompanying statement of financial position of Safe Harbor, Inc., (a nonprofit organization), as of June 30, 2004, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Safe Harbor, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Safe Harbor, Inc. as of June 30, 2004, and the changes in its net assets and its cash flows for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 16, 2004 on my consideration of Safe Harbor,

Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

My audit was performed for the purpose of forming an opinion on the basic financial statements of Safe Harbor, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Delphine A. Cuppay, CPA

Delphine A. Cuppay, CPA
Slidell, Louisiana

December 16, 2004

SAFE HARBOR, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2004

ASSETS

Current Assets:

Cash and cash equivalents	\$ 11,691
Accounts receivable grants and contracts (Note 3)	87,951
Unconditional promise to give receivable (Note 4)	3,312
Prepaid expenses (Note 5)	403
Total current assets	103,357

Other Assets:

Assets restricted for investment in facilities (Note 6)	5,114
---	-------

Property and Equipment: (Note 7)

Furniture and equipment (Net of accumulated depreciation of \$54,854)	10,401
Leasehold improvements (Net of accumulated amortization of \$1,050)	9,450
Total property and equipment, net	19,851

TOTAL ASSETS	\$ 128,322
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 2,104
Payroll taxes payable	7,522
Total current liabilities	9,626

Net Assets:

Unrestricted net assets/Undesignated net assets	110,270
Temporarily restricted net assets (Note 8)	8,426
Total net assets	118,696

TOTAL LIABILITES AND NET ASSETS	\$ 128,322
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The accompanying notes are an integral part of the financial statements

SAFE HARBOR, INC.
STATEMENT OF ACTIVITIES
AS OF JUNE 30, 2004

UNRESTRICTED NET ASSETS:	
Revenue and support:	
Grants and contracts	\$ 2,000
Contributions	34,034
Donated furniture and supplies	13,524
Special events	32,269
Net assets released from restrictions	284,118

TOTAL UNRESTRICTED REVENUE AND SUPPORT	365,945
EXPENSES:	
Program services	308,399
Supporting services:	
Management and general	26,923
Grant expenses	83
Fundraising expenses	1,593

Total expenses before loss on write-off of fixed assets	336,998
Loss on write-off of fixed assets (Note 7)	3,891

Total expenses and loss on write-off of fixed assets	340,889
INCREASE IN UNRESTRICTED NET ASSETS	25,056
TEMPORARILY RESTRICTED NET ASSETS:	
State Grants - funding for current year	278,130
Other grants and contracts for the current year	6,624
Interest income	12
Net assets released from restrictions	(284,118)

INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	648
INCREASE IN NET ASSETS	25,704
NET ASSETS AT BEGINNING OF YEAR	92,992

NET ASSETS AT END OF YEAR	\$ 118,696
	=====

The accompanying notes are an integral part of the financial statements

SAFE HARBOR, INC.
STATEMENT OF CASH FLOWS
AS OF JUNE 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets	\$ 25,704
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:	
Donated property and equipment	(10,525)
Amortization of leasehold improvements	12,835
Depreciation expense of furniture and equipment	10,720
Loss on disposition of furnitue and equipment	3,891
(Increase) Decrease in operating assets	
Accounts receivable grants and contracts	(46,281)
Unconditional promise to give	(648)
Prepaid expenses	2,972
Increase (Decrease) in operating liabilities	
Accounts payable	(4,050)
Payroll taxes payable	1,032
NET CASH PROVIDED BY OPERATING ACTIVITIES	(4,350)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of furniture and equipment	(1,849)
Leasehold improvements	(3,643)
Increase in cash restricted for investment in facilities	(5,114)
NET CASH PROVIDED BY INVESTING ACTIVITIES	(10,606)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (14,956)
BEGINNING CASH AND CASH EQUIVALENTS	26,647
NET CASH AND CASH EQUIVALENTS	\$ 11,691

The accompanying notes are an integral part of the financial statements

SAFE HARBOR, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Program Services	Managment. & General	Grant Expense	Fund-Raising	Total
Compensation and related expenses:					
Compensation:					
Executive Director	\$ 29,417	15,840		\$	45,257
Administrative Asst.	10,033	6,690			16,723
Residential Coordinator	25,244				25,244
Outreach Coordinator	20,370				20,370
Children's Coordinator	17,805				17,805
Children's Advocates	20,282				20,282
Residential Advocates	31,061				31,061
Res. Relief Advocates	9,212				9,212
Case Managers	4,790				4,790
Related benefits:					
Payroll taxes	15,794	2,150			17,944
Accounting	3,857				3,857
Audit	2,500				2,500
Advertising	2,538	127			2,665
Amort.exp.-Leasehold Imp.	12,835				12,835
Bank charges		5			5
Client legal expenses	1,000				1,000
Client services exp.	2,880				2,880
Client transportation exp.	1,985				1,985
Depreciation-Furn.&Equip	10,720				10,720
Dues & subscriptions	150	60			210
Food supplies	5,495				5,495
Fundraising expenses				1,593	1,593
Grant expenses			83		83
Insurance expense	8,708	1,611			10,319
Maintenance-Equipment	442				442
Maintenance-Shelter	2,123				2,123
Meetings, seminar & conver	6,749				6,749
Miscellaneous	599				599
Office supplies	6,864				6,864
Rent expense	38,382	440			38,822
Telephone	8,251				8,251
Utilities	8,313				8,313
TOTALS	\$ 308,399	26,923	83	1,593	\$ 336,998

The accompanying notes are an integral part of the financial statements.

SAFE HARBOR, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 1-ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Organization

(1) The Organization

Safe Harbor, Inc. was incorporated in January, 1991 as a non-profit organization under Section 501(c)(3) of the Internal Revenue Code to provide services to women and their dependent children who are victims of domestic violence. The Safe Harbor Battered Women's Shelter Program provides temporary housing for its clients. Clients also receive food and clothing, as well as information on housing, legal and welfare aid, educational assistance, training and employment counseling. 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.

An outreach office in the western part of St. Tammany Parish located at 225 North Vermont Street, Covington, Louisiana, not only serves as a meeting place for court appearances but also 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, Safe Harbor 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 some prearranged time and location agreed upon by the Safe Harbor representative and the donor.

(2) Economic Dependence

Safe Harbor, Inc. is significantly funded by the State of Louisiana, Office on Women's Policy. Should the Office on Women's Policy cut its funding or disallow items, Safe Harbor, Inc. would be required to reduce its services.

B. Significant Accounting Policies

(1) Financial Statement Presentation

The financial statements are prepared on the accrual basis of accounting and financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations*. Under SFAS No. 117, Safe Harbor, Inc. is required to report its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Also required is the presentation of a statement of cash flows.

Unrestricted net assets represent those assets which are not subject to donor-imposed stipulations and, therefore, are assets the organization may use at its discretion.

Temporarily restricted net assets result from contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of Safe Harbor, Inc. pursuant to those stipulations.

Permanently restricted net assets result from contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of Safe Harbor, Inc.

Net assets of the two restricted classes are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted and are reported as part of the unrestricted class.

Safe Harbor, Inc. does not have any permanently restricted net assets for fiscal year ended June 30, 2004.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-stipulated restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or

decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

(2) Contributions

Safe Harbor, Inc. has adopted Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions are recognized when the donor makes a promise to give and are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Safe Harbor, Inc. reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The organization reports contributions of assets other than cash at their estimated fair value at the date of the gift and are reported as revenues of the unrestricted net asset class unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as revenues of the temporarily restricted or permanently restricted net asset classes. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net assets classes. When a qualifying expenditure occurs or a time restriction expires, temporarily restricted assets are re-

cognized in unrestricted net assets as "net assets released from restrictions" in the statement of activities. However, if a restriction is fulfilled in the same period in which the contribution is received, the contribution is reported as an unrestricted contribution.

(3) Property and Equipment

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 date of donation. Minor renovations or repairs are charged to operations and maintenance as incurred. Depreciation of furniture and equipment is provided on the straight-line basis over an estimated useful life of five years.

During fiscal year ended June 30, 2004 Safe Harbor, Inc. moved the location of its battered women's shelter to a new location which it anticipates it will only occupy for a few years until it can purchase or build its own shelter facility. Leasehold improvements for the former shelter location were amortized over an estimated useful life of ten years and due to the fact that Safe Harbor does not plan to occupy its current shelter location indefinitely, Management has decided that leasehold improvements for its present location is to be amortized over an estimated useful life of five years.

(4) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and revenues and expenses recognized during the reported period. Actual results could differ from those estimates. Changes in prior year estimates are accounted for within the statement of changes in net assets in the current year.

(5) Cash and Cash Equivalents and Concentrations of Credit Risk

Cash and cash equivalents consist of cash held in checking accounts which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Since the amounts held in these checking accounts do not exceed the insured limit, management believes Safe Harbor, Inc. is not exposed to any significant credit risk on cash and cash equivalents.

(6) Functional Allocation of Expenses

The cost of providing the program and administering the related supporting services have been summarized on a functional basis in the statement of activities. Accordingly, expenses that benefit both program and supporting services have been allocated using management's estimates.

Safe Harbor, Inc.'s fundraising activities in many cases include purposes or contents related to a program service. American Institute of Certified Public Accountants Statement of Position 98-2 states that joint costs of informational materials or activities should be allocated between fundraising and the appropriate program or general function if it can be demonstrated that a program or general function has been performed in conjunction with the appeal for funds. Although Safe Harbor, Inc. has the ability to give evidence for such combined activities, it does not allocate those portions from its fundraising activities to program services.

(7) Donated Materials and Services

Safe Harbor, Inc. records the value of donated goods and services received when there is an objective basis available to measure their value. Donated furniture and fixtures are reflected as contributions in the accompanying statements at their estimated values at date of receipt. No amounts have been reflected in the statements for donated clothing or services as no objective basis is available to measure the value of such goods or services.

(8) Income Taxes

Safe Harbor, Inc. has received a determination letter from the Internal Revenue Service (IRS) indicating that it is a tax-exempt organization as provided for in Section 501(c)(3) of the Internal Revenue Code, except for taxes pertaining to unrelated business income, and is exempt from Federal and state income taxes. In addition, the organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. No provision has been made for income taxes in the accompanying financial statements since Safe Harbor, Inc. does not have a significant amount of unrelated business income for fiscal year ended June 30, 2004.

(9) Operations

Safe Harbor, Inc. entered into a reimbursement contract with the State of Louisiana, Department of Social Services, Office of Community Services and it entered into a reimbursement contract with the State of Louisiana, Office on Women's Policy, whereby expenses incurred with the temporary housing program at the Safe Harbor Battered Women's Shelter would be reimbursed by those institutions upon presentation of expenses incurred.

Also, Safe Harbor, Inc. entered into grant agreements with Louisiana Coalition Against Domestic Violence as subgrantee in connection with a grant from the United States Department of Health and Human Services in connection with the Temporary Assistance for Needy Families (TANF) Initiative in connection with Children's Services in Domestic Violence Programs and the Rural Project Children's Services, both grants reimburse expenses specifically incurred for the special needs of the minor children of Safe Harbor's clients who have suffered because of the trauma of domestic violence.

Also, Safe Harbor, Inc. entered into a grant agreement with Louisiana Commission on Law Enforcement and Administration of Criminal Justice as subgrantee in connection with a grant from the United States Department of Justice, Office of Justice Programs designated for the project "Domestic Violence Outreach" as part of the Stop Violence Against Women Formula Grant Program administered by Louisiana Commission on Law Enforcement and Administration of Criminal Justice and Safe Harbor, Inc. entered into an agreement with The Parish of St. Tammany, The St. Tammany Parish Sheriff's Office and The St. Tammany Parish District Attorney's Office regarding a federal grant from the United States Department of Justice, Office of Justice Programs. The grant was designated for the project "A Safer St. Tammany - Against Domestic Violence" administered by The St. Tammany Police Jury Violence Coordinating Council. These grants cover expenses incurred in connection with preparing protective orders from the court and for individual and group counseling on an outreach basis for clients who choose not to leave the abusive situation and seek shelter.

(10) Total Columns

Total columns are presented to facilitate financial analysis. Data in these

columns do not present financial position, results of activities and changes in net assets in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation.

NOTE 2 - GRANTS FROM GOVERNMENTAL AGENCIES

Included in the grants from governmental agencies is the following:

- (1) \$176,813 received under a contract with the State of Louisiana, Office on Women's Policy, and included \$72,124 of federal funds through United States Department of Health and Human Services in connection with the Federal Family Violence Prevention and Services Act;
- (2) Federal funds in the amount of \$9,063 through United States Department of Health and Human Services received under a contract with the State of Louisiana, Office on Women's Policy, through the TANF Initiative in connection with Children's Services in Domestic Violence Programs administered by Louisiana Coalition Against Domestic Violence;
- (3) Federal funds in the amount of \$16,968 through United States Department of Health and Human Services received under a contract with the State of Louisiana, Louisiana Coalition Against Domestic Violence through the TANF Initiative in connection with Children's Services in Domestic Violence Programs;
- (4) Federal funds in the amount of \$6,562 through United States Department of Health and Human Services received under a contract with the State of Louisiana, Louisiana Coalition Against Domestic Violence through the TANF Initiative in connection with Children's Services in Domestic Violence Programs, specifically the Rural Project Children's Services;
- (5) Federal funds in the amount of \$10,375 through United States Department of Housing and Urban Development in connection with its Emergency Shelter Grants Program was received from the St. Tammany Parish Police Jury through an agreement with the Louisiana Department of Social Services, Office of Community Services;
- (6) Federal funds in the amount of \$43,662 were received under a contract with The Parish of St. Tammany, The St. Tammany Parish Sheriff's Office and The St. Tammany Parish District Attorney's Office

through the United States Department of Justice, Office of Justice Programs Grant, which funds were received in connection with a grant designated for the project, "A Safer St. Tammany - Against Domestic Violence"; and

(7) Federal funds in the amount of \$13,291 through the United States Department of Justice, Office of Justice Programs Grant was received in connection with a grant designated for the project "Domestic Violence Outreach" as part of the Stop Violence Against Women Formula Grant Program administered by the Louisiana Commission on Law Enforcement and Administration of Criminal Justice.

NOTE 3 - ACCOUNTS RECEIVABLE

The accounts receivable is due from various grantors listed below for services provided through June 30, 2004. All receivables are expected to be received in a timely manner. The accounts receivable balance consists of the following:

Due from Office on Women's Policy	\$ 39,905
Due from TANF Children's Services Grant	6,981
Due from TANF Rural Project Children's Services	1,737
Due from the Emergency Shelter Grant	8,375
Due from Office of Justice Programs, A Safer St. Tammany Grant	22,128
Due from LA. Commission on Law Enforcement	4,181
Due from IOLTA Grant	<u>4,644</u>
Total Accounts Receivable	\$ 87,951

NOTE 4 - UNCONDITIONAL PROMISES TO GIVE RECEIVABLE

Due to the fact that the IOLTA Grant is on a calendar year basis and Safe Harbor, Inc. is on a June 30 fiscal year end, for fiscal year ended June 30, 2004 the remaining unconditional promise to give amount on this grant is \$3,312, which amount is listed under the Net Assets section of the Statement of Financial Position as temporarily restricted net assets. These temporarily restricted net assets are available for program service expenses under the IOLTA Grant sponsored by the Louisiana Bar Foundation in the form of legal fees. When Safe Harbor was not able to obtain the services of an attorney to handle client cases, the client was referred to another non-profit organization who could provide such attorney representation in court for client's protective orders.

NOTE 5 - PREPAID EXPENSES

Prepaid expenses consists of prepaid insurance expenses in the amount of \$403 as of fiscal year ended June 30, 2004.

NOTE 6 - ASSETS RESTRICTED FOR INVESTMENT IN FACILITIES

Assets restricted for investment in facilities as of June 30, 2004 consists of cash contributions, which contributions were specifically designated as for the Safe Harbor Building Fund for the future purchase and/or construction of a new shelter facility for Safe Harbor's Battered Women's Program and, as such, are donor-imposed temporarily restricted net assets.

NOTE 7 - PROPERTY AND EQUIPMENT

Depreciation is calculated using the straight line method over a useful life of five years. During fiscal year ended June 30, 2004 Safe Harbor, Inc. moved the location of its battered women's shelter to a new location. The leasehold improvements for the former location were being amortized over ten years. Some of the leasehold improvements were not fully amortized as of fiscal year ended June 30, 2003, therefore the remaining amounts of unamortized improvements were fully amortized for fiscal year ended June 30, 2004 and written off accordingly. Safe Harbor, Inc. anticipates it will only occupy its new location for a few years until it can purchase or build its own shelter location, therefore Management has decided that leasehold improvements for its present shelter location is to be amortized over five years. Property and equipment consist of the following:

<u>Furniture and Equipment</u>	<u>Costs as of 06/30/03</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Costs as of 06/30/04</u>
Furniture and fixtures	\$ 40,141	\$ 5,558	\$ 12,968	\$ 32,731
Playground equipment	7,545	0	7,545	0
Transportation vehicle	<u>35,744</u>	<u>0</u>	<u>3,220</u>	<u>32,524</u>
SUB-TOTALS	83,430	5,558	23,733	65,255
Leasehold improvements	<u>48,632</u>	<u>10,500</u>	<u>48,632</u>	<u>10,500</u>
TOTALS	\$132,062	\$ 16,058	\$ 72,365	\$75,755

<u>Property & Equipment</u>	Accum. Depre. as of 06/30/03	Depre. Expense	Write Off Depreciation	Accum. Depre. as of 06/30/04
Furniture and fixtures	\$ 30,374	\$ 4,212	\$ 12,256	\$ 22,330
Playground equipment	7,545	0	7,545	0
Transportation vehicles	<u>26,016</u>	<u>6,508</u>	<u>0</u>	<u>32,524</u>
SUBTOTALS	\$ 63,935	\$10,720	\$ 19,801	\$ 54,854
	Accum. Amort. as of 06/30/03	Amort. Expense	Write Off Amortization	Accum. Amort. as of 06/30/04
<u>Leasehold Improvements</u>				
Leasehold improvements- Former Shelter Facility	\$ 36,847	\$ 11,785	\$ 48,632	\$ 0
Leasehold improvements- Present Shelter Facility	<u>0</u>	<u>1,050</u>	<u>0</u>	<u>1,050</u>
SUBTOTALS	\$ <u>36,847</u>	\$ <u>12,835</u>	\$ <u>48,632</u>	\$ <u>1,050</u>
TOTALS	\$100,782	\$ 23,555	\$ 68,433	\$ 55,904

Costs of Fixed Assets as of 6/30/04:

Costs of Property & Equipment as of 06/30/04	\$ 65,255
Less Accumulated Depreciation	<u>54,854</u>
Net Book Value of Property & Equipment	\$ 10,401
Costs of Leasehold Improvements as of 06/30/04	\$ 10,500
Less Accumulated Amortization	<u>1,050</u>
Net Book Value of Leasehold Improvements	\$ <u>9,450</u>
Total Net Book Value as of 06/30/04	\$ 19,851

In addition to the write-off of leasehold improvements in connection with the former shelter facility, there were write offs of furniture and equipment which resulted in a loss on the disposition of assets. A small automobile was donated to Safe Harbor for the use of staff in the performance of running errands, etc. Shortly before the end of fiscal year ended June 30, 2003, an automobile valued at \$3,220 was recorded as a donated asset.

Early in fiscal year ended June 30, 2004, it became apparent that the vehicle was not in as good of shape as was indicated upon receipt of donation. The vehicle was in need of certain repairs which would cost considerable expense for Safe Harbor, therefore during fiscal year ended June 30, 2004, Management decided to dispose of the automobile. The loss on the disposition of this asset amounted to \$3,220. Also, not all of the existing furniture and equipment in the former shelter location was moved to the present location and some of the furniture and equipment that was disposed of was not fully depreciated as of fiscal year ended June 30, 2003, therefore the loss on the disposition of furniture and equipment during the move amounted to \$671 for the fiscal year ended June 30, 2004. Accordingly, the total loss on disposition of assets for fiscal year ended June 30, 2004 was \$3,891.

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2004 consists of the following:

Due to the fact that the IOLTA Grant is on a calendar year basis and Safe Harbor, Inc. is on a June 30 fiscal year end, for fiscal year ended June 30, 2004 the remaining unconditional promise to give amount on this grant is \$3,312. These temporarily restricted net assets are available for program service expenses under the IOLTA Grant sponsored by the Louisiana Bar Foundation.

Assets restricted for investment in facilities consists of cash contributions, which contributions were specifically designated as for the Safe Harbor Building Fund for the future purchase and/or construction of a new shelter facility for Safe Harbor's Battered Women's Program, and, as such, are donor-imposed temporarily restricted net assets in the amount of \$5,114.

Accordingly, the total amount of temporarily restricted net assets for fiscal year ended June 30, 2004 was \$8,426.

NOTE 9 - ACCRUED EMPLOYEE BENEFITS

No amount has been reflected in the financial statements for accrued compensated absences as the amount cannot be reasonably estimated.

NOTE 10 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Required by Statement of Accounting Standards (SFAS) No. 107, *Disclosure about Fair Value of Financial Instruments*, disclosure of fair value information about certain financial instruments is required, whether or not recognized in the statement of financial position for which it is practicable to estimate that value. The following methods and assumptions were used in estimating fair value:

	<u>Carrying Amounts</u>	<u>Fair Value</u>
Cash and cash equivalents	\$11,691	\$11,691

Cash and cash equivalents consists entirely of monies held in bank checking accounts. The carrying value of cash and cash equivalents approximates fair value because of the ease of convertibility of these financial instruments into cash at any given time as the need may arise.

NOTE 11 - SPECIAL FUND-RAISERS

There was only one special fund-raiser during fiscal year ended June 30, 2004. It was an annual evening event known as Harbor Lights. Invitations were extended to sponsors, friends, members and other interested persons to attend and enjoy an evening of gourmet food, live music, entertainment, fun and fellowship. This fund-raiser generated \$29,476 and incurred expenses of \$1,593 for net proceeds of \$27,883.

NOTE 12 - DONATED FURNITURE AND SUPPLIES

The value of donated furniture and supplies included in the financial statements for the year ended June 30, 2004 is as follows:

Assets:	
Furniture and equipment	\$10,545
Food and supplies	<u>2,979</u>
Total donated furniture and supplies	\$13,524

NOTE 13- ADVERTISING COSTS

Safe Harbor, Inc. expenses the costs of advertising as they are incurred.

During fiscal year ended June 30, 2004, Safe Harbor, Inc. paid \$2,665 in advertising costs as follows: \$2,538 for Safe Harbor's share of the Louisiana Coalition Against Domestic Violence billboard advertising of the Louisiana toll-free hotline for domestic violence, which hotline rings at the Safe Harbor location for incoming calls from the St Tammany Parish area; and \$127 for the advertisement of employment positions as they became available in order to maintain it staffing requirements to fulfill its various grant contract requirements and program objectives in connection with the public it serves. There were no other advertising costs expensed during the year.

NOTE 14 - RENT AND RENTAL COMMITMENTS

During fiscal year ended June 30, 2004, it had been ascertained that the former shelter facility was in need of considerable repairs. Rather than repair the facility, Management decided it would pay the agreed upon \$2,000 per month on a month to month basis until such time as a new shelter location could be found. On October 1, 2003, Safe Harbor, Inc. moved the location of its battered women's shelter to its current location and began paying rent on a month to month basis at a rate of \$2,500 per month.

Also, rent for Safe Harbor's Outreach Office located at 225 North Vermont Street, Covington, Louisiana is on a month to month basis at a rate of \$600 per month and rent on a month to month basis at a rate of \$35.00 per month is paid for a storage unit at a local storage facility to store the excess non-cash donations received during the year until such time as they can be used by the shelter facility or its clients.

Accordingly, rent expense was \$38,822 for fiscal year ended June 30, 2004.

SUPPLEMENTARY INFORMATION RELATED TO FEDERAL AWARDS
Required by *Government Auditing Standards* and OMB Circular A-133,
Audits of States, Local Governments, and Non-Profit Organizations

DELPHINE A. CUPPAY
CERTIFIED PUBLIC ACCOUNTANT
60233 Donya Street
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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Safe Harbor, Inc.
Slidell, LA 70458

I have audited the financial statements of Safe Harbor, Inc., (a nonprofit organization), as of and for the year ended June 30, 2004, and have issued my report thereon dated December 16, 2004. I conducted my audit in accordance with 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.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Safe Harbor, Inc.'s internal control over financial reporting in order to determine my auditing

procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Delphine A. Cuppay, CPA

Delphine A. Cuppay, CPA
Slidell, Louisiana

December 16, 2004

DELPHINE A. CUPPAY
CERTIFIED PUBLIC ACCOUNTANT
60233 Donya Street
Slidell, LA 70460
Phone/FAX (985) 781-4931

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors
Safe Harbor, Inc.
Slidell, LA 70458

Compliance

I have audited the compliance of Safe Harbor, Inc., (a nonprofit organization), with the types of compliance requirements described in the "U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended June 30, 2004. Safe Harbor, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Safe Harbor, Inc.'s management. My responsibility is to express an opinion on Safe Harbor, Inc.'s compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Safe Harbor, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Safe Harbor,

Inc.'s compliance with those requirements.

In my opinion, Safe Harbor, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of Safe Harbor, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Safe Harbor, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Delphine A. Cuppay, CPA

Delphine A. Cuppay, CPA
Slidell, Louisiana

December 16, 2004

SAFE HARBOR, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U. S. Department of Health and Human Services: Federal Family Violence Prevention and Services Act:			
Pass-through grantor - State of Louisiana, Office on Women's Policy	93.671	CFMS 600842 Family Violence FY 2003-2004	\$ 72,124
U. S. Department of Health and Human Services: Children's Services in Domestic Violence Programs			
Pass-through grantor - State of Louisiana, Office on Women's Policy/Louisiana Coalition Against Domestic Violence	93.671	2002-03-TANF- CS011	\$ 9,063
U. S. Department of Health and Human Services: Children's Services in Domestic Violence Programs			
Pass-through grantor - Louisiana Coalition Against Domestic Violence	93.671	2003-04-TANF CS011	\$ 16,968
U. S. Department of Health and Human Services: Children's Services in Domestic Violence Programs			
Pass-through grantor - Louisiana Coalition Against Domestic Violence in connection with Rural Project Children's Services	93.671	2003-04-TANF RPCS031	\$ 6,562

Total U. S. Dept. of Health and Human Services \$104,717

**Note: Schedule of Expenditures of Federal Awards is continued on the next page.
 See accompanying notes to schedule of expenditures of federal awards.**

<u>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<p>U. S. Department of Housing and Urban Development: Emergency Shelter Grants Program: Pass-through grantor - State of Louisiana, Department of Social Services, Office of Community Services administered by St. Tammany Parish Community Action Agency</p>			
	14.231	CFMS 536055	\$ <u>10,375</u>
Total U. S. Dept. of Housing and Urban Development			\$ 10,375
<p>U. S. Department of Justice Office of Justice Programs Grant which grant was designated for the project, "A Safer St. Tammany - Against Domestic Violence": Pass-through grantor - The Parish of St. Tammany, and administered by The St. Tammany Parish Police Jury Domestic Violence Coordinating Counsel</p>			
	16.590	Grant Award No. 1997-WE-VX- 0059	\$ 43,662
<p>U. S. Department of Justice Office of Justice Programs Grant which grant was designated for the project, "Domestic Violence Outreach" in connection with Stop Violence Against Women Formula Grant Program: Pass-through grantor - State of Louisiana, Office of the Governor and administered by Louisiana Commission on Law Enforcement and Administration of Criminal Justice</p>			
	16.588	Subgrant No. or Project ID# M01-8-009 & M02-2-020	13,291
Total U. S. Department of Justice			\$ <u>56,953</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 172,045

See accompanying notes to schedule of expenditures of federal awards.

SAFE HARBOR, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Safe Harbor, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

In accordance with Section 230(b)2 of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," as a non-Federal entity, Safe Harbor, Inc. has not charged its audit costs to any of the Federal awards received. All audit costs were charged to its State of Louisiana, Office on Women's Policy contract, specifically to that portion of the grant contract funded by State funds and/or St. Tammany Parish Marriage License funds.

**NOTE B: U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES,
FEDERAL FAMILY VIOLENCE PREVENTION AND SERVICES ACT
GRANT ADMINISTERED BY OFFICE ON WOMEN'S POLICY**

In accordance with terms of the grant, the organization has expended matching contributions totaling 20% of federal dollars earmarked for this grant amounting to \$14,425 during the year ended June 30, 2004.

**NOTE C: U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT,
EMERGENCY SHELTER GRANTS PROGRAM ADMINISTERED
ST. TAMMANY PARISH COMMUNITY ACTION AGENCY**

In accordance with terms of the grant, the organization has expended matching contributions totaling \$10,375 during the year ended June 30, 2004.

**SAFE HARBOR, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

SUMMARY OF AUDIT RESULTS:

1. The auditor's report expresses an unqualified opinion on the financial statements of Safe Harbor, Inc.
2. During the audit of the financial statements of Safe Harbor, Inc., there were no reportable conditions disclosed in the Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Safe Harbor, Inc. were disclosed during the audit.
4. The auditor's report on compliance for the major federal award programs for Safe Harbor, Inc. expresses an unqualified opinion on all major federal programs.
5. The audit disclosed no findings required to be reported by OMB Circular A-133.
6. Safe Harbor, Inc. is a low-risk auditee.
7. The programs tested as major programs included:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
U. S. Department of Health & Human Services, Federal Family Violence Prevention and Services Act	93.671
U. S. Department of Health & Human Services, Children's Services in Domestic Violence Programs	93.671

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
U. S. Department of Justice, Office of Justice Programs Grant, designated as project "A Safer St. Tammany - Against Domestic Violence"	16.590
U. S. Department of Justice, Office of Justice Programs Grant, designated as project "Domestic Violence Outreach" in connection with Stop Violence Against Women Formula Grant Program	16.588

8. A threshold of \$300,000 was used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133. No programs met the threshold, however contracts with the State of Louisiana require the audit be performed in accordance with OMB Circular A-133 procedures as Safe Harbor, Inc. is a subrecipient of the State of Louisiana's major programs receiving federal awards.

FINDINGS - FINANCIAL STATEMENTS AUDIT

No matters are reportable.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

No matters are reportable.

**SAFE HARBOR, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

SECTION I - FINDINGS - FINANCIAL STATEMENTS AUDIT

No findings have been reported.

**SECTION II - FINDINGS AND QUESTIONED COSTS - MAJOR
FEDERAL AWARD PROGRAMS AUDIT**

No findings have been reported.