

SAFE HARBOR AND SUBSIDIARY
MANDEVILLE, LOUISIANA
CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
JUNE 30, 2017 AND 2016
AND SUPPLEMENTAL INFORMATION FOR THE YEAR ENDED
JUNE 30, 2017



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Safe Harbor and Subsidiary, (both nonprofit organizations), which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities, cash flows, and functional expenses for the years 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 auditors' 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.



Safe Harbor and Subsidiary

December 19, 2017

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Safe Harbor and Subsidiary as of June 30, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2017 on our consideration of Safe Harbor and Subsidiary's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and 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 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 Safe Harbor and Subsidiary's internal control over financial reporting and compliance.

December 19, 2017
Mandeville, Louisiana

Erickson Krentel LLP

Certified Public Accountants

SAFE HARBOR AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS:</u>		
Cash and cash equivalents	\$ 133,443	\$ 153,496
Grants receivable	42,100	47,651
Prepaid expenses	<u>14,788</u>	<u>17,927</u>
Total current assets	<u>190,331</u>	<u>219,074</u>
<u>PROPERTY AND EQUIPMENT, NET</u>	<u>405,329</u>	<u>403,857</u>
<u>OTHER ASSETS</u>	<u>725</u>	<u>725</u>
Total assets	<u>\$ 596,385</u>	<u>\$ 623,656</u>
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES:</u>		
Accounts payable	\$ 1,107	\$ 702
Accrued expenses	6,317	6,317
Payroll liabilities	<u>9,548</u>	<u>13,913</u>
Total current liabilities	<u>16,972</u>	<u>20,932</u>
Total liabilities	<u>16,972</u>	<u>20,932</u>
<u>NET ASSETS:</u>		
Unrestricted:		
Undesignated	579,413	600,894
Board designated	-	-
Temporarily restricted	<u>-</u>	<u>1,830</u>
Total net assets	<u>579,413</u>	<u>602,724</u>
Total liabilities and net assets	<u>\$ 596,385</u>	<u>\$ 623,656</u>

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SAFE HARBOR AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Total
<u>REVENUE, GAINS, AND OTHER SUPPORT:</u>			
Grants	\$ 321,043	\$ -	\$ 321,043
United Way designations	29,622	-	29,622
United Way allocations	1,830	-	1,830
Donated furniture and supplies	16,235	-	16,235
Contributions	84,249	-	84,249
Special events	115,864	-	115,864
	568,843	-	568,843
Net assets released from restrictions	-	(1,830)	(1,830)
Total revenue, gains, and other support	568,843	(1,830)	567,013
<u>EXPENSES:</u>			
Program services	464,360	-	464,360
Supporting services:			
Management and general	93,378	-	93,378
Fundraising	32,586	-	32,586
Total expenses	590,324	-	590,324
<u>CHANGE IN NET ASSETS</u>	(21,481)	(1,830)	(23,311)
Net assets - beginning of year	600,894	1,830	602,724
Net assets - end of year	\$ 579,413	\$ -	\$ 579,413

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SAFE HARBOR AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Total
<u>REVENUE, GAINS, AND</u>			
<u>OTHER SUPPORT:</u>			
Grants	\$ 326,908	\$ -	\$ 326,908
United Way designations	10,695	-	10,695
United Way allocations	10,923	1,830	12,753
Donated furniture and supplies	60,023	-	60,023
Contributions	112,772	-	112,772
Special events	113,194	-	113,194
	634,515	1,830	636,345
Net assets released from restrictions	-	(10,923)	-
	634,515	(9,093)	636,345
Total revenue, gains, and other support	634,515	(9,093)	636,345
<u>EXPENSES:</u>			
Program services	548,300	-	548,300
Supporting services:			
Management and general	98,288	-	98,288
Fundraising	27,663	-	27,663
	674,251	-	674,251
Total expenses	674,251	-	674,251
<u>CHANGE IN NET ASSETS</u>	(39,736)	(9,093)	(48,829)
Net assets - beginning of year	640,630	10,923	651,553
Net assets - end of year	\$ 600,894	\$ 1,830	\$ 602,724

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SAFE HARBOR AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:</u>		
Change in net assets	\$ (23,311)	\$ (48,829)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	18,017	15,120
Decrease in:		
Grants receivable	5,551	2,272
Unconditional promises to give	-	10,923
Prepaid expenses	3,139	2,599
Increase (decrease) in:		
Accounts payable	405	301
Accrued payroll liabilities	<u>(4,365)</u>	<u>3,084</u>
Net cash (used for) operating activities	<u>(564)</u>	<u>(14,530)</u>
<u>CASH FLOWS (USED FOR) INVESTING ACTIVITIES:</u>		
Purchases of property and equipment	<u>(19,489)</u>	<u>(11,566)</u>
Net cash (used for) investing activities	<u>(19,489)</u>	<u>(11,566)</u>
Net (decrease) in cash and cash equivalents	(20,053)	(26,096)
Cash and cash equivalents, beginning of year	<u>153,496</u>	<u>179,592</u>
Cash and cash equivalents, end of year	<u>\$ 133,443</u>	<u>\$ 153,496</u>

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SAFE HARBOR AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries and benefits	\$ 270,337	\$ 51,493	\$ -	\$ 321,830
Payroll taxes	23,537	4,154	-	27,691
Total salaries and related expenses	293,875	55,646	-	349,521
Accounting and consulting	-	11,731	-	11,731
Annual gala	-	-	29,930	29,930
Community awareness & events	-	-	2,439	2,439
Client services	26,189	-	-	26,189
Client transportation	1,368	-	-	1,368
Depreciation	14,954	3,063	-	18,017
Dues and subscriptions	-	4,097	-	4,097
Food supplies	4,931	-	-	4,931
Insurance expense	13,602	12,063	-	25,665
Miscellaneous	9,102	1,864	217	11,183
Office supplies	-	3,782	-	3,782
Rent expense	51,335	-	-	51,335
Repairs and maintenance	20,342	205	-	20,547
Telephone	6,197	926	-	7,123
Utilities	22,466	-	-	22,466
Total functional expenses	\$ 464,360	\$ 93,378	\$ 32,586	\$ 590,324

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SAFE HARBOR AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries and benefits	305,181	\$ 58,130	\$ -	\$ 363,311
Payroll taxes	25,582	4,514	-	30,096
Total salaries and related expenses	330,763	62,644	-	393,407
Accounting and consulting	-	9,218	-	9,218
Annual gala	-	-	24,073	24,073
Community awareness & events	-	-	160	160
Client services	70,530	-	-	70,530
Client transportation	1,327	-	-	1,327
Depreciation	12,550	2,570	-	15,120
Dues and subscriptions	-	2,766	-	2,766
Food supplies	8,116	-	-	8,116
Insurance expense	13,553	12,019	-	25,572
Miscellaneous	8,364	1,713	3,430	13,507
Office supplies	-	6,159	-	6,159
Rent expense	60,032	-	-	60,032
Repairs and maintenance	11,245	114	-	11,359
Telephone	7,262	1,085	-	8,347
Utilities	24,558	-	-	24,558
Total functional expenses	\$ 548,300	\$ 98,288	\$ 27,663	\$ 674,251

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SAFE HARBOR AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 women and their dependent children who are victims of domestic violence. The Safe Harbor Battered Women's 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, and outreach offices in Slidell and in Washington Parish in order to only serve 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 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.

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.

Basis of Presentation

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 Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

SAFE HARBOR AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017 AND 2016

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Public Support and Revenue

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 the Organization 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 the Organization. As of June 30, 2017 and 2016, the Organization does not have any permanently restricted net assets.

Designation of Unrestricted Assets

It is the policy of the Board of Directors of the Organization to review its plans for future capital needs and to designate appropriate sums of unrestricted net assets to assure adequate financing of such needs. Designated unrestricted net assets have been designated by the Board for operating or programmatic use and are not restricted by time or purpose.

Consolidation

The consolidated financial statements presented include the accounts of the Organization and Phoenix Partners, Inc. All significant inter-organization transactions have been eliminated.

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.

SAFE HARBOR AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017 AND 2016

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

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 years ended June 30, 2017 and 2016, the Organization did not have any unrelated business income. Management has evaluated its tax positions and has determined that there are no uncertainties in income taxes that require adjustments to or disclosures in the financial statements. The 2014 through 2016 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.

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.

Contributions

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.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of 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 as assets released from restrictions and reported in the statements of activities and changes in net assets. However, if a restriction is fulfilled in the same period in which the contribution is received, the contribution is reported as an unrestricted contribution.

SAFE HARBOR AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017 AND 2016

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (continued)

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 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.

Donated Assets and Services

The Organization records noncash donations as contributions at their estimated fair value at the date of donation. For the years ended June 30, 2017 and 2016, the Organization recorded donations in the amount of \$16,235 and \$60,023, respectively.

The Organization recognizes donated services, if significant in amount, that create, or enhance non-financial assets or that require specialized skills that are provided by donation. Significant portions of the Organization's functions are conducted by unpaid officers, board members, and volunteers. The value of this contributed time is not reflected in the accompanying financial statements as they do not create nonfinancial assets nor are they specialized services.

Cash and Cash Equivalents and Concentrations of Credit Risk

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.

The Organization maintains cash balances in a local financial institution that may at times exceed amounts covered by insurance provided by the Federal Deposit Insurance Corporation (FDIC) of \$250,000. The Organization did not have cash balances that were in excess of the FDIC insurance at June 30, 2017 and 2016, respectively.

SAFE HARBOR AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017 AND 2016

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 the remaining life on the lease for leasehold improvements.

Subsequent Events

Subsequent events have been evaluated through December 19, 2017, which is the date the financial statements were available to be issued.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

(2) GRANTS RECEIVABLE

The grants receivable due from Department of Children and Family Services for services provided through June 30, 2017 and 2016 were \$42,100 and \$47,651, respectively. 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 for June 30, 2017 and 2016.

(3) PROPERTY AND EQUIPMENT

As of June 30, 2017 and 2016, property and equipment consisted of the following:

	<u>2017</u>	<u>2016</u>
Land and buildings	\$ 425,763	\$ 425,763
Furniture & fixtures	55,806	38,614
Vehicle	14,120	14,120
Leasehold improvements	<u>62,093</u>	<u>62,093</u>
	557,782	540,590
Less: accumulated depreciation	<u>(152,453)</u>	<u>(136,733)</u>
Property and equipment, net	<u>\$ 405,329</u>	<u>\$ 403,857</u>

Depreciation expense for the years ended June 30, 2017 and 2016 was \$18,017 and \$15,120, respectively.

SAFE HARBOR AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017 AND 2016

(4) COOPERATIVE ENDEAVOR AGREEMENT

The Organization leases facilities in Slidell and Mandeville under lease and cooperative endeavor agreements from SHS Foundation and Margie’s House (entities owned by a third party who serves as an advisor to the Organization) as follows:

Slidell, Louisiana Satellite Office Location Lease:

Term and Options	5 Years, February 1, 2015 to January 31, 2020, no options
Purchase Option	None
Type	Triple Net Lease where the Organization pays all maintenance, repairs, taxes and insurance
Rent	\$700 per month plus prepaid rent of \$18,870 amortized over 60 months (\$314.50 per month)
Facility	1,300 SF Residential Structure Used as Office and Meeting Location

Mandeville, Louisiana Main Facility and Office Leases:

Administrative Office Building:

Term and Options	5 Years, October 1, 2016 to September 30, 2021, two (2) remaining option terms at substantially the same rate
CVARIABLE AO on	\$1.00 on Sept 30, 2031
Type	Triple Net Lease where the Organization pays all maintenance, repairs, taxes and insurance
Rent	\$1,000 per month as of October 2015
Facility	2,188 SF Commercial Office Building

Program and Shelter Buildings:

Term and Options	5 Years, October 1, 2016 to September 30, 2021, two (2) remaining option terms at substantially the same rate
Purchase Option	\$1.00 on Sept 30, 2031
Type	Triple Net Lease where the Organization pays all maintenance, repairs, taxes and insurance
Rent	\$2092.40 per month as of June 2016
Facilities	1,640 SF Program Building 800 Sf Children’s Services Building Two 950 SF Residential Apartment Buildings

Safe Harbor can terminate the Mandeville facility leases at any option term. The Organization has recorded this lease as an operating lease and recognized lease expense of \$37,109 and \$40,952 for the years ended June 30, 2017 and 2016. The rent expense for the fiscal year ended June 30, 2016 includes an additional \$5,979 for rent obligations deferred from previous years.

SAFE HARBOR AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017 AND 2016

(4) COOPERATIVE ENDEAVOR AGREEMENT (CONTINUED)

The future minimum lease payments under the cooperative endeavor are as followed:

2018	49,283
2019	49,283
2020	44,210
2021	37,109
2022	<u>9,277</u>
	<u>\$ 189,162</u>

The Organization has an option to purchase all of the Mandeville facilities on October 1, 2031 if the Organization continues the leases until that time through exercise of all three (3) five (5) year lease options. If the Organization fails to exercise the purchase option on the Administrative Building, SHS Foundation is obligated to reimburse the Organization for its share of costs (\$284,478 in leasehold improvements or greater amount paid by the Organization toward building costs), limited to a percentage of the fair market value of the building calculated as provided in the cooperative endeavor agreement. If the Organization fails to purchase the Program Building and Apartments SHS Foundation has no obligation to pay any amount to the Organization.

(5) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2017 and 2016 are reserved for the following purposes:

	<u>2017</u>	<u>2016</u>
United Way	\$ -	\$ 1,830
Temporarily restricted net assets	<u>\$ -</u>	<u>\$ 1,830</u>

(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 years ended June 30, 2017 and 2016, the Organization earned 46% and 44%, respectively of its support and revenues from the DCFS. Grants receivable included \$42,100 and \$47,651 from the DCFS for the years ended June 30, 2017 and 2016, respectively.

SAFE HARBOR AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017 AND 2016

(7) GRANTS FROM GOVERNMENTAL AGENCIES

Grants from governmental agencies include the following for the years ended June 30, 2017 and 2016:

Total funds in the amount of \$236,499 and \$253,026, respectively, were awarded under a contract with the State of Louisiana, DCFS for the years ended June 30, 2017 and 2016. 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 \$40,035 and \$34,207, respectively, were received under a contract with the Louisiana Commission of Law Enforcement and Administration of Criminal Justice for the “Domestic Violence Outreach” project for the years ended June 30, 2017 and 2016. The federal funds were received from the United States Department of Justice, Violence against Women Office as part of the Stop Violence against Women Formula Grant Program, CFDA #16.588.

Funds in the amount of \$18,739 and \$19,950, respectively, were received under a contract with the State of Louisiana, DCFS for the years ended June 30, 2017 and 2016. This contract allocates and pays a percentage of certain parish imposed fees on marriage license fees to the parish’s designated domestic violence shelter.

Funds in the amount of \$20,167 and \$16,667, respectively, were received in the fiscal years ended June 30, 2017 and 2016, under a contract with the IOLTA Louisiana Bar Association. This grant was used to supplement the salaries of the attorneys and staff working for its 2008 Legal Assistance to the Poor grantees. Only full-time, non-contract attorneys and staff are eligible. The attorney’s and staff member’s position must have been covered at least in part by the grantee’s 2009 Louisiana Bar Foundation grant.

(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

SAFE HARBOR AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017 AND 2016

(8) ACCRUED UNPAID LEAVE (CONTINUED)

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 \$3,332 and \$8,834, respectively, of accrued unpaid leave as of June 30, 2017 and 2016.

SAFE HARBOR
 SCHEDULE OF COMPENSATION, BENEFITS , AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2017

	Executive Director
	Kim Kirby
Time served	07/01/16 through 06/30/17
Salary	\$ 62,500
Benefits - insurance (health and dental)	1,800
Benefits - cell phone	1,200
Per diem	217
Travel	1,210
Registration fees	358
Conference travel	139
Total compensation, benefits, and other payments	\$ <u>67,424</u>



**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 of
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 (both nonprofit organizations), which comprise the statement of financial position as of June 30, 2017, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 19, 2017.

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 Safe Harbor and Subsidiary's 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.



To the Board of Directors of
Safe Harbor and Subsidiary
December 19, 2017

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 their 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Safe Harbor and Subsidiary's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

December 19, 2017
Mandeville, Louisiana

Erickson Krentel LLP

Certified Public Accountants

SAFE HARBOR AND SUBSIDIARY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017

SECTION I SUMMARY OF AUDITORS' REPORTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Safe Harbor and Subsidiary.
2. No significant deficiencies, which would have been required to be reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*, were disclosed during the audit of the financial statements
3. No instances of noncompliance material to the financial statements of Safe Harbor and Subsidiary, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. A management letter was not issued for the year ended June 30, 2017.

SECTION II FINANCIAL STATEMENT FINDINGS

None noted.

SAFE HARBOR AND SUBSIDIARY
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

SECTION I – FINDINGS RELATED TO THE FINANCIAL STATEMENTS

Not applicable

SECTION II – MANAGEMENT LETTER

Not applicable

SAFE HARBOR AND SUBSIDIARY
MANDEVILLE, LOUISIANA
AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2017



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below as they are a required part of the engagement. We are required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "not applicable."

Management of Safe Harbor and Subsidiary (Safe Harbor, Inc.) is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of Safe Harbor, Inc. and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about Safe Harbor Inc.'s compliance with certain laws and regulations during the period of July 1, 2016 to June 30, 2017, in accordance with Act 774 of 2014 Regular Legislative Session.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are detailed in Schedule "1".

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Safe Harbor, Inc. and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

December 19, 2017
Mandeville, Louisiana

Ericksen Krentel ^{LLP}

Certified Public Accountants

SAFE HARBOR AND SUBSIDIARY
AGREED-UPON PROCEDURES
JULY 1, 2016 TO JUNE 30, 2017

Grant Compliance

1. **Procedures:** Obtain a listing of active federal (passed-through a state or local government), state, and local government grants in effect during the fiscal year. For each grant, obtain a listing of related disbursements made during the fiscal year. Obtain management's representations that the listings are complete.

Results: There were three applicable grants awarded to Safe Harbor during the fiscal year. The grants were awarded by the State of Louisiana – DCFS Program, Louisiana Commission on Law Enforcement (LCLE) – VOCA, and LCLE – VAWA. We were provided all disbursements for the grants in the fiscal year. We obtained management's representation that the listing of grants was complete.

2. **Procedures:** From the listing of disbursements, randomly select three disbursements for each grant and report whether:
 - Disbursement supporting documentation includes original itemized receipts, invoices, time sheets, etc. (depending on the nature of the grant disbursements); and
 - Each disbursement was for an allowable use under the grant agreement and within grant timeframes.

Results: All disbursements selected for testing included appropriate supporting documentation and each was for an allowable use under the grant agreement and within grant timeframes.

Debit Cards

1. **Procedures:** Obtain from management a listing of all active cards, 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.

Results: Safe Harbor has two debit cards available for use, Petty Cash Account #1 and Petty Cash Account #2. The cardholder for Petty Cash Account #1 is Kim Kirby, the Executive Director. The primary cardholder for Petty Cash Account #2 is Lori Brignac, who also tracks the card's usage with a log sheet. Petty Cash Account #2 can be used on approved items by Safe Harbor advocates after signing out the card. We obtained management's representation that the listing of all active debit cards was complete.

SAFE HARBOR, INC.
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2016 TO JUNE 30, 2017

2. **Procedures:** Using the listing prepared by management, select the 2 cards that were used during the fiscal period.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly bank statement with the largest dollar amount of debit card purchases and:

- Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

Results: We selected both debit cards for testing. We selected the month with the largest amount of debit card purchases for each of the debit card accounts, which resulted in the selection of February 2017 for Petty Cash Account #1 and July 2016 for Petty Cash Account #2. Safe Harbor has procedures in place for a third party board member to review the bank statements and reconciliations monthly. We noted there was no signed evidence of the board members review. There are also procedures in place for the Office Administrator and the Executive Director to cross review the bank statements, however, there is not a consistent sign off by the appropriate party.

3. **Procedures:** Using the monthly statements or combined statements selected under #2 above. Obtain supporting documentation for all transactions for each of the 2 cards selected (i.e. each of the 2 cards should have one month of transactions subject to testing).

a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)
- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
- Other documentation that may be required by written policy (e.g. purchase order, written authorization.)

b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and report any exceptions.

Results: All transactions were supported by an original itemized receipt. Safe Harbor has a policy in place to identify the business use on the receipt but there were some instances where the card user did not document the purpose, therefore, the policy was not consistently followed. All transactions, except as noted above, complied with Safe Harbor's written purchasing/disbursement policies with no exceptions noted.

SAFE HARBOR AND SUBSIDIARY
MANAGEMENT'S CORRECTIVE ACTION PLAN
JULY 1, 2016 TO JUNE 30, 2017

December 19, 2017

Louisiana Legislative Auditor

The Safe Harbor respectfully submits the following corrective action plan for items identified pursuant to the Agreed Upon Procedures Engagement required by Act 774 of the 2014 Regular Legislative Session.

Name and address of independent public accounting firm:

Ericksen Krentel L.L.P.
2895 Highway 190, Ste 213
Mandeville, LA 70471

Engagement Period: July 1, 2016 – June 30, 2017

The findings from the Agreed-Upon Procedures Report is discussed below.

Debit Cards – Review and Approval

Result of Procedure: Safe Harbor has procedures in place for a third party board member to review the bank statements and reconciliations monthly. We noted there was no signed evidence of the board members review. There are also procedures in place for the Office Administrator and the Executive Director to cross review the bank statements, however, there is not a consistent sign off by the appropriate party.

Response: The Office Administrator and the Executive Director will cross review and sign off on the bank statements and supporting documentation to ensure that the all purchases are reviewed and approved in writing, by someone other than the authorized card holder.

Debit Cards – Documentation of business/public purpose

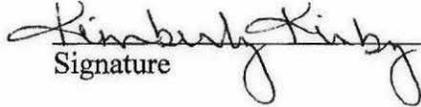
Result of Procedure: Safe Harbor has a policy in place to identify the business use on the receipt but there were several instances where the card's user did not document the purpose, therefore, the policy was not consistently followed.

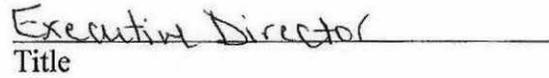
Response: Management will ensure that each receipt contains written documentation of the business purpose. For meal charges, there will also be documentation of the individuals participating. Management will remind all advocates using the card of the policy and review the returned receipts for compliance.

**SAFE HARBOR AND SUBSIDIARY
MANAGEMENT'S CORRECTIVE ACTION PLAN
JULY 1, 2016 TO JUNE 30, 2017**

If there are any questions regarding this plan, please contact Kimberly Kirby, Executive Director,
at (985) 626-5710.

Sincerely,


Signature


Title