

SAMUEL W. STEVENS, III
Certified Public Accountant

SAFE HAVEN DEVELOPMENTAL SERVICES, INC.
MINDEN, LOUISIANA

Audited Financial Statements

December 31, 2016

SAFE HAVEN DEVELOPMENTAL SERVICES, INC.
MINDEN, LOUISIANA

For the Year ended December 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Safe Haven Developmental Services, Inc.
Minden, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of Safe Haven Developmental Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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, I 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 financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Safe Haven Developmental Services, Inc. as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Consistency of Financial Statements (Prior Period Adjustment)

As discussed in Note 6 of the notes to the financial statements, the 2015 financial statements have been restated to correct a misstatement. My opinion is not modified with respect to this matter.

Emphasis of Matter – Going Concern

As discussed in Notes 5, 6 and 8 of the notes to the financial statements, as of December 31, 2016, the Organization has a net asset deficiency, and faced termination of its participation in its food programs. These circumstances raises substantial doubt about the Organization's ability to continue as a going concern. Management's evaluation of the conditions and events and management's plans regarding these matters are also described in Note 5, 6 and 8. My opinion is not modified. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty

Emphasis of Matter – Subsequent Events

As discussed in Note 8 of the notes to the financial statements, the Organization discontinued operations and filed Chapter 7 bankruptcy on April 27, 2017. The financial statements. My opinion is not modified with respect to this matter.

Other Matters

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements of Safe Haven Developmental Services, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards on page 18 required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of compensation, benefits, and other payments to the agency head on page 20, as required by *R.S. 24:513 (A) (3)*, are presented for purposes of additional analysis and are not required parts of the basic 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 my 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*, I have also issued my report dated March 22, 2018, on my consideration of Safe Haven Developmental Services, Inc.'s internal control over financial reporting and on my tests of its 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 my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Safe Haven Developmental Services, Inc.'s internal control over financial reporting and compliance.



Shreveport, Louisiana
March 22, 2018

SAFE HAVEN DEVELOPMENTAL SERVICES INC.

Statement of Financial Position

December 31, 2016

Assets

Current Assets:

Cash	\$	3,609
Receivables		
Other Receivable		415
Total Receivables		<u>415</u>
Total Current Assets		4,024

Property:

Land		10,000
Building Improvements		46,380
Equipment		56,305
Vehicles		34,495
Total Cost		<u>147,180</u>
Less: Accumulated Depreciation		<u>(44,464)</u>
Net Book Value		<u>102,716</u>
Total Assets		<u><u>106,740</u></u>

Liabilities and Net Deficit

Current Liabilities:

Due to United States Department of Agriculture / Louisiana Department of Education	\$	255,860
Due to Director		12,006
Total Other Current Liabilities		<u>267,866</u>
Total Liabilities		267,866

Net Deficit

Net Deficit:

Unrestricted		<u>(161,126)</u>
Total Net Deficit		<u>(161,126)</u>
Total Liabilities and Net Deficit	\$	<u><u>106,740</u></u>

The accompanying notes are an integral part of these financial statements

SAFE HAVEN DEVELOPMENTAL SERVICES INC.

Statement of Activities
For the Year Ended December 31, 2016

		<u>Unrestricted</u>
<i>Increase in Net Assets:</i>		
Child and Adult Care Food Program	\$	1,430,366
Summer Food Service Program		362,268
Contributions		76,661
Total Support		<u>1,869,295</u>
 <i>Decrease in Net Assets:</i>		
<i>Program Services:</i>		
Child and Adult Care Food Program		1,503,064
Safe Haven Developmental Services		32,004
Summer Food Service Program		452,817
Total Expenses		<u>1,987,885</u>
<i>Decrease in Net Assets</i>		<u>(118,590)</u>
 <i>Net Assets:</i>		
As Previously Stated		213,324
Prior Period Adjustment		<u>(255,860)</u>
Beginning of Year as Restated		<u>(42,536)</u>
End of Period	\$	<u><u>(161,126)</u></u>

The accompanying notes are an integral part of these financial statements

SAFE HAVEN DEVELOPMENTAL SERVICES INC.

Statement of Functional Expenses
For the Year Ended December 31, 2016

	<i>Child and Adult Care Food Program</i>	<i>Safe Haven Developmental Services</i>	<i>Summer Food Services Program</i>	<i>Total Expenses</i>
Business Expenses	\$ 600	\$ 0	\$ 0	\$ 600
Administrative Labor	144,187	0	53,960	198,147
Food Service Contract Services	222,401	20	94,378	316,799
Audit	7,250	0	0	7,250
Facilities and Equipment	2,366	21,947	10,409	34,722
Office Maintenance	3,699	2,648	1,101	7,448
Pest Control	129	0	0	129
Utilities	9,322	0	9,952	19,274
Garbage Services	2,370	0	2,960	5,330
Operations	1,826	0	0	1,826
Postage, Mailing Service	362	0	0	362
Telephone/Communication	6,643	0	2,361	9,004
Office Expenses	6,894	0	1,459	8,353
Food Purchase	713,019	1,785	158,666	873,470
Non-Food Supplies	15,303	99	2,962	18,364
Other Types of Expenses	2,192	5,110	198	7,500
Insurance	14,666	0	0	14,666
Food Service Labor	324,950	0	106,095	431,045
Travel, Training and Meetings	0	395	0	395
Transportation	6,304	0	1,843	8,147
Mileage Allowance	18,581	0	6,473	25,054
Total Expense	<u>\$ 1,503,064</u>	<u>\$ 32,004</u>	<u>\$ 452,817</u>	<u>\$ 1,987,885</u>

The accompanying notes are an integral part of these financial statements

SAFE HAVEN DEVELOPMENTAL SERVICES INC.

Statement of Cash Flows
For the Year Ended December 31, 2016

<i>Cash Flows from Operating Activities</i>	
Decrease in Net Assets	\$ (118,590)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided from Operations:	
Depreciation	21,947
Accounts Receivable	170,926
Other Receivable	20,835
Loan Receivable	4,700
Accounts Payable	(5,101)
Accrued Expenses	(67,902)
Payroll Liabilities	(6,583)
Accrued Payroll	<u>(30,756)</u>
Total Adjustments	108,066
<i>Net Cash Used by Operating Activities</i>	<u>(10,524)</u>
<i>Cash Flows from Investing Activities</i>	
Purchase of Fixed Assets	<u>(2,601)</u>
<i>Net Cash Used by Investing Activities</i>	<u>(2,601)</u>
<i>Net Decrease in Cash</i>	<u>(13,125)</u>
<i>Cash, Beginning of Year</i>	<u>16,734</u>
<i>Cash, End of Year</i>	\$ <u><u>3,609</u></u>

The accompanying notes are an integral part of these financial statements

SAFE HAVEN DEVELOPMENTAL SERVICES, INC. LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION

Safe Haven Developmental Services, Inc. is a Louisiana not-for-profit organization incorporated under the laws of the State of Louisiana on February 8, 2007. It was organized for religious, charitable, educational and scientific purposes. Safe Haven provides the following service:

Food Programs

Safe Haven is a Sponsor as defined by the United States Department of Agriculture., Food and Nutrition Service, at 7 CFR Parts 225 and 226. Through approved Sponsors, the Louisiana Department of Education facilitated USDA Funds to Safe Haven as reimbursement for meals served to children through the Summer Food Service Program and the Child and Adult Food Program. Safe Haven served the Louisiana parishes of Webster, Bossier and Caddo.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Reporting

The financial statements are presented on the accrual basis of accounting and are prepared in accordance with current recommendations of the American Institute of Certified Public Accountants for Not-for-Profit Organizations. The significant accounting policies are described below:

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board ASC 958, Financial Statements of Not-for-Profit Organizations. The Organization has elected to present a classified statement of financial position, under ASC 958; 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.

Net Assets

Net Assets are included in one of the following three classes, depending on the presence and type of donor-imposed restrictions.

- *Unrestricted Net Assets* - Net Assets not subject to donor-imposed restrictions.
- *Temporarily restricted Net Assets* - Net assets subject to donor-imposed restrictions that may be met either by an action and/or through the passage of time. As of December 31, 2016 Net Assets included no temporarily restricted net assets.
- *Permanently restricted Net Assets* - Net Assets subject to donor-imposed restrictions that will not expire through the passage of time and/or an action. As of December 31, 2016, Net Assets included no permanently restricted net assets.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, program and support service expenses are specifically identified with or allocated to Safe Haven's various functions. Expenses requiring allocation include services provided by Safe Haven's management and administrative staff to

specific program-related activities. Expense allocations are prorated based on a percentage of time or actual usage.

Income Tax Status

Safe Haven is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code Section and corresponding state code as a charitable organization whereby only unrelated business income, as identified by Section 509(a)(1) of the Code, is subject to income tax. Safe Haven had no unrelated business income in 2016. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

Safe Haven adheres to the provisions of FASB ASC 740-10-25. Under FASB ASC 740-10-25, an organization must recognize the tax benefit associated with tax taken for tax return purposes when it is more likely than not the position will be sustained. Safe Haven does not believe there are any material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax benefits or any related interest or penalties. Safe Haven's tax returns for the years 2013 through 2015 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

Advertising and Public Relations Costs

Advertising and public relations costs are charged to operations when incurred. Advertising and public relations costs charged to operations for the year ended December 31, 2016 totaled \$1,454.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Restricted contributions and grants whose restrictions are met in the same reporting period as they are made are reported as unrestricted revenues and support.

Cash

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, and time deposits. Safe Haven considers money market funds and short-term investments, with a maturity of less than 90 days from the acquisition date to be cash equivalents. As of December 31, 2016, there are no cash equivalents.

Depreciable Assets

Depreciable assets acquired by the organization are considered to be owned by Safe Haven. The Organization follows the practice of capitalizing, at cost, all expenditures for property, furniture, fixtures, and office equipment in excess of \$500. Lesser amounts are expensed. Depreciation of all such items is computed on a straight-line method over the estimated useful lives of the assets generally as follows:

Vehicle	5 years
Building Improvements	10 years
Equipment	3-5 years

NOTE 2 – SUMMARY OF INCREASES IN NET ASSETS

During 2016, The Organization's sources of revenue and support were distributed from the following sources:

<u>Source</u>	<u>Amount</u>	<u>% of Total Revenue & Support</u>
Revenue & Support		
Grant Revenue		
Louisiana Department of Education	\$ 1,792,634	95.90%
Total Grant Revenue	<u>1,792,634</u>	<u>95.90%</u>
Contributions	<u>76,661</u>	<u>4.10%</u>
Total Revenue & Support	<u>\$ 1,869,295</u>	<u>100.00%</u>

NOTE 3 – CONCENTRATION, RISK AND UNCERTAINTIES

Safe Haven maintains a cash balance at one financial institutions. At December 31, 2016, the account at the institution is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2016, the cash balance on deposit at the institution did not in exceed the federally insured limit.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

During June through August of 2016, the organization entered agreements to rent facilities within local churches on a month to month basis to conduct and administer its feeding program. Total rents allocated and paid for the year was \$9,985.

During 2016 the organization entered daily rental agreements for transportation equipment as needed to facilitate its Summer Food Service Program (SFSP) and the Child and Adult Care Food Program (CACFP). Total rental costs for the year was \$973.

NOTE 5 – DUE TO UNITED STATES DEPARTMENT OF AGRICULTURE / LOUISIANA DEPARTMENT OF EDUCATION

The Organization receives grants and contracts that are subject to review and audit by the agency(ies) providing the funding. Such reviews and audits could result in expenses being disallowed under the terms and conditions of the grants or contracts. Based on its review of Safe Haven Developmental's 2015 financial activity, the Louisiana Department of Education identified and determined certain transactions to be inappropriate use of funds and unallowable costs. The transactions included excess USDA Child Nutrition Program funds covering the expenses of Safe Haven Developmental, a loan to an employee for the purchase of an automobile, a loan to a related party for the purchase of a building, and funds used to pay-off Safe Haven's loan secured to purchase a van. The total amount of these transactions was \$255,860. During the year ended December 31, 2016, Safe Haven collected repayment of all the above mentioned funds except the excess USDA Child Nutrition Program funds covering the expenses of Safe Haven Developmental. During the year ended December 31, 2016 no repayments were made to the United States Department of Agriculture nor the Louisiana Department of Education.

As a result of its review, The Louisiana Department of Education determined that due to the inappropriate use of funds and unallowable costs, Safe Haven Developmental is seriously deficient in its operation of both the SFSP and the CACFP. Therefore, the Louisiana Department of Education is proposing to terminate Safe Haven's permanent CACP agreement to participate in the CACFP, disqualify Safe Haven from future CACFP participation and disqualify SHD's responsible principals from future CACFP participation.

NOTE 6 – Prior Period Adjustment

Disclosed in the accompanying Statement of Position is a liability due the United States Department of Agriculture/Louisiana Department of Education for inappropriate use of funds and unallowable costs. As discussed in Note 5 to the financial statements, the liability is for transactions occurring during the year ended December 31, 2015. Accordingly, a prior period adjustment for the liability is disclosed in the accompanying Statement of Activities. As disclosed in the Statements of Position and Activities, this liability has created a net deficit balance as of December 31, 2016.

NOTE 7. RELATED PARTY TRANSACTIONS

On August 28, 2014, the Organization provided a loan to a limited liability company (LLC), in which the Executive Director has a financial interest. The loan was for the purpose of purchasing a building. The loan was in the amount of \$28,750 and is a transaction included in the discussion in Note 4 above. The loan was collected in full during the year ended December 31, 2016.

The Executive Director provided \$12,006 to the Organization to assist in the payment of charges on an American Express credit card. The credit card is in the name of the Executive Director, who utilizes the card to make purchases for the organization. The Organization makes payment on the card, however, when the cash flow does not allow, the Executive Director has provided funds to the Organization to make payment for charges. As of December 31, 2016, the Executive Director has not been reimbursed for any loans to the Organization for charges made on the credit card.

NOTE 8. SUBSEQUENT EVENTS

Subsequent events were evaluated through March 22, 2018, which is the date the financial statements were available to be issued. Due to the matters discussed in NOTES 5 and 6, management decided to discontinue operations. On April 27, 2017 Safe Haven Developmental Services, Inc. filed voluntary petition for bankruptcy, chapter 7, at the US bankruptcy Court for the Western District of Louisiana. There were no other events requiring disclosure.

SAMUEL W. STEVENS, III CPA

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

To the Board of Directors
Safe Haven Developmental Services, Inc.
Minden, Louisiana 71055

I 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 financial statements of Safe Haven Developmental Services, Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued me report thereon dated March 22, 2018.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Safe Haven Developmental Services, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Safe Haven Developmental Services, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization'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.

My consideration of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Safe Haven Developmental Services, Inc. financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion.

The results of my tests disclosed one instance of noncompliance that is required to be reported under Government Auditing Standards. The instance is described in the accompanying schedule of findings and responses as item 16-01.

Safe Haven Developmental Services, Inc.’s Response to Findings

Safe Haven Developmental Services, Inc. response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. I did not audit Safe Haven Developmental Services, Inc. response and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization’s internal control and compliance. Accordingly, this report is not suitable for any other purpose and is intended solely for the information and use of management, the Board of Directors, the Louisiana Legislative Auditor, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Shreveport, Louisiana
March 22, 2018

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM
GUIDANCE**

To the Board of Directors
Safe Haven Developmental Services, Inc.
Minden, Louisiana 71055

Report on Compliance for Each Major Federal Program

I have audited Safe Haven Developmental Services, Inc.'s compliance described in the OMB Compliance Supplement that could have a direct and material effect on each of Safe Haven Developmental Services, Inc.'s major federal program for the year ended December 31, 2016. Safe Haven Developmental Services, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Safe Haven Developmental Services, Inc. major federal programs based on my audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Haven Developmental Services, 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 on compliance for each major federal program. However, my audit does not provide a legal determination of Safe Haven Services, Inc.'s compliance.

Opinion on Each Major Federal Program

In my opinion, Safe Haven Developmental Services, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control Over Compliance

Management of Safe Haven Developmental Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Safe Haven Developmental Services, Inc. internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Safe Haven Developmental Services, Inc. Internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. I consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 16-02 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Shreveport, Louisiana
March 22, 2018

Schedule of Findings and Questioned Costs

Section I - Summary of Auditor's Report December 31, 2016

Financial Statements

Type of auditor's report issued	Unmodified	
Internal Control over financial reporting		
Material weaknesses identified	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Noncompliance material to financial statements noted	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Federal Awards

Internal control over major programs		
Material weaknesses	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Significant deficiencies identified	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Type of auditor's report issued on compliance for major program	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of OMB Circular A-133	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Major program identified	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Child and Adult Care Food Program	CFDA 10.558	
Dollar threshold used to distinguish between type A and Type B programs	\$750,000	
Auditee qualified as a high risk auditee		

Schedule of Findings and Questioned Costs

Section II - Financial Statement Findings

Item 16-01

a. **CONDITION:**

The audit was not submitted to the Louisiana Legislative Auditor by June 30, 2017.

b. **CRITERIA**

Criteria or Specific Requirement: Under Louisiana Stature 24:513, Safe Haven Developmental Services, Inc. is required to submit an audit of its annual financial statements to the Louisiana Legislative Auditor within six months of its year-end which is December 31, 2016.

c. **CAUSE OF CONDITION:**

Safe Haven Developmental Services, Inc. decided to cease operations and file bankruptcy due to the matters discussed in Note 5. As such there was uncertainty on compliance and other matters and lack of funding for the audit.

d. **POTENTIAL EFFECT OF CONDITION:**

Noncompliance with Louisiana law regarding financial reporting.

e. **RECOMMENDATION:**

Safe Haven Developmental Services, Inc. should comply for the year ended December 31, 2016.

CLIENT RESPONSE

Corrective Action

Safe Haven Developmental Services, Inc. will submit an audit of its annual financial statements to the Louisiana Legislative Auditor for the year ended December 31, 2016.

Item 16-02

a. **CONDITION:**

Safe Haven Developmental Services, Inc.'s single audit reporting package was not submitted to the federal audit clearinghouse by September 30, 2017.

b. **CRITERIA**

In accordance with 2 U.S. Code of Federal Regulations (CFR) §200.512, the organization must submit its single audit reporting package to the federal audit clearinghouse no later than 9 months after its fiscal yearend.

c. **CAUSE OF CONDITION:**

As discussed in 16-01, Safe Haven Developmental Services, Inc. decided to cease operations and file bankruptcy due to the matters discussed in Note 5. As such there was uncertainty on compliance and other matters and lack of funding for the audit.

d. **POTENTIAL EFFECT OF CONDITION:**

Noncompliance with federal program law regarding financial reporting.

e. **RECOMMENDATION:**

Safe Haven Developmental Services, Inc. should comply for the year ended December 31, 2016.

CLIENT RESPONSE

Corrective Action

Safe Haven Developmental Services, Inc. will submit its single audit reporting package to the federal audit clearinghouse for the year ended December 31, 2016.

Person Responsible

Teressia Garner, Chairman

**Summary Schedule of Prior Audit Findings -
Financial Statement and Other Matters
For the Year Ended December 31, 2015**

Ref. No	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken (Yes, No, Partially)	Planned Corrective Action/Partially Corrective Action Taken
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Section II - Financial Statement Findings:

None

Section III - Other Matters:

Note 5	12/31/2015	The Louisiana Department of Education found certain inappropriate use of funds and unallowable costs and therefore deemed Safe Haven Developmental Services, Inc. seriously deficient in its operation of both the Summer Feeding Service Program and the Child and Adult Care Feeding Program	no	No instances noted for current year
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SAFE HAVEN DEVELOPMENTAL SERVICES INC.

Schedule Of Expenditures Of Federal Awards
For the Year Ended December 31, 2016

<u>Federal Grantor / Pass - Through Grantor: Program Title</u>	<u>CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture			
Passed through State of Louisiana Department Of Education:			
Child and Adult Care Food Program	10.558	08-SFSP-005	\$ 1,430,366
Summer Food Service Program	10.559	08-SFSP-005	<u>362,268</u>
Total Passed through State of Louisiana Department Of Education			<u>1,792,634</u>
Total U.S. Department of Agriculture			\$ <u><u>1,792,634</u></u>

See accompanying notes to Schedule of Expenditures of Federal Awards and independent auditor's report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133.

SAFE HAVEN DEVELOPMENTAL SERVICES, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2016

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal award of Safe Haven Developmental Services, Inc., has been prepared utilizing 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.

NOTE B - RECOGNITION OF FEDERAL EXPENDITURES

The revenues earned by the Organization are reported on the Schedule of Expenditures of Federal Awards as expenditures. The programs are unit based programs and revenues are not based on the reimbursement of actual expenditures, rather, revenues are earned based on the number of units of service provided by the Organization.

NOTE C - INDIRECT COST RATE

The Organization has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Schedule of Compensation, Benefits and Other Payments
To Agency Head or Chief Executive Officer
For the year Ended December 31, 2016

Agency Head Name: Teressia Garner

Purpose:	Amount
Salary	\$ 59,200
Reimbursements	1,478
Travel	<u>5,573</u>
	<u>\$ 66,250</u>