SAFE HARBOR AND SUBSIDIARY

MANDEVILLE, LOUISIANA

CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED

JUNE 30, 2019 AND 2018

AND SUPPLEMENTAL INFORMATION

FOR THE YEAR ENDED

JUNE 30, 2019

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

Report on the Financial Statements

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, 2019 and 2018, 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.

4227 Canal Street
New Orleans, LA 70119
P: (504) 486-7275 | F: (504) 482-2516

Ericksen Krentel LLP
www.EricksenKrentel.com

2895 Highway 190, Ste 213
Mandeville, LA 70471
P: (985) 727-0777 | F: (985) 727-6701

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Safe Harbor and Subsidiary as of June 30, 2019 and 2018, 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.

Change in Accounting Principle

As described in Note 1 to the financial statements, Safe Harbor and Subsidiary adopted the Financial Accounting Standards Board's ASU 2016-14, "Not-for-Profit Entities" for the year ended June 30, 2019. Our opinion is not modified with respect to that matter.

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 20, 2019 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 the effectiveness of Safe Harbor's 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 20, 2019
Mandeville, Louisiana

Ericksen Krentel, LLP

Certified Public Accountants

Exhibit "A"

SAFE HARBOR AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 16,397	$ 5,959
Grants receivable	64,244	43,370
Prepaid expenses	11,271	8,118
Total current assets	91,912	57,447
PROPERTY AND EQUIPMENT, NET	387,295	384,925
OTHER ASSETS	725	725
Total assets	$ 479,932	$ 443,097
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	$ 1,735	$ 2,442
Line of credit	47,850	6,500
Deferred revenue	12,000	-
Payroll liabilities	14,932	10,707
Total current liabilities	76,517	19,649
Total liabilities	76,517	19,649
NET ASSETS:		
Without donor restriction	403,415	423,448
Total net assets	403,415	423,448
Total liabilities and net assets	$ 479,932	$ 443,097

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SAFE HARBOR AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER SUPPORT:			
Grants	$ 356,492	$ -	$ 356,492
United Way designations	10,858	-	10,858
Donated furniture and supplies	10,631	-	10,631
Contributions	89,076	-	89,076
Special events	141,487	-	141,487
	608,544	-	608,544
Net assets released from restrictions	-	-	-
Total revenue, gains, and other support	608,544	-	608,544
EXPENSES:			
Program services	503,940	-	503,940
Supporting services:			
Management and general	101,313	-	101,313
Fundraising	23,324	-	23,324
Total expenses	628,577	-	628,577
CHANGE IN NET ASSETS	(20,033)	-	(20,033)
Net assets - beginning of year	423,448	-	423,448
Net assets - end of year	$ 403,415	$ -	$ 403,415

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SAFE HARBOR AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER SUPPORT:			
Grants	$ 306,021	$ -	$ 306,021
United Way designations	13,210	-	13,210
Donated furniture and supplies	16,783	-	16,783
Contributions	70,457	-	70,457
Special events	11,604	-	11,604
	418,075	-	418,075
Net assets released from restrictions	-	-	-
Total revenue, gains, and other support	418,075	-	418,075
EXPENSES:			
Program activities	462,449	-	462,449
Supporting activities:			
Management and general	100,909	-	100,909
Fundraising	10,682	-	10,682
Total expenses	574,040	-	574,040
CHANGE IN NET ASSETS	(155,965)	-	(155,965)
Net assets - beginning of year	579,413	-	579,413
Net assets - end of year	$ 423,448	$ -	$ 423,448

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SAFE HARBOR AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS USED FOR OPERATING ACTIVITIES:		
Change in net assets	$ (20,033)	$ (155,965)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	21,119	20,403
Decrease (increase) in:		
Grants receivable	(20,874)	(1,270)
Prepaid expenses	(3,153)	6,670
Increase (decrease) in:		
Accounts payable	(707)	1,335
Accrued expenses	-	(6,317)
Accrued payroll liabilities	4,225	1,160
Deferred revenue	12,000	-
Net cash used for operating activities	(7,423)	(133,984)
CASH FLOWS USED FOR INVESTING ACTIVITIES:		
Purchases of property and equipment	(23,489)	-
Net cash used for investing activities	(23,489)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Line of credit	41,350	6,500
Net cash from financing activities	41,350	6,500
Net increase (decrease) in cash and cash equivalents	10,438	(127,484)
Cash and cash equivalents, beginning of year	5,959	133,443
Cash and cash equivalents, end of year	$ 16,397	$ 5,959

SAFE HARBOR AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Salaries and benefits	$ 328,870	$ 60,000	$ -	$ 388,870
Payroll taxes	26,621	5,186	-	31,807
Total salaries and related expenses	355,491	65,186	-	420,677
Accounting and consulting	-	13,315	-	13,315
Annual gala	-	-	23,219	23,219
Community awareness & events	-	-	105	105
Client services	16,856	1,369	-	18,225
Client transportation	1,270	-	-	1,270
Depreciation	19,049	2,070	-	21,119
Dues and subscriptions	-	2,524	-	2,524
Food supplies	3,420	-	-	3,420
Insurance expense	22,898	5,481	-	28,379
Miscellaneous expense (income)	357	-	-	357
Office supplies	3,204	3,205	-	6,409
Rent expense	36,951	3,253	-	40,204
Repairs and maintenance	10,216	1,058	-	11,274
Telephone	8,745	2,186	-	10,931
Utilities	25,483	1,666	-	27,149
Total functional expenses	$ 503,940	$ 101,313	$ 23,324	$ 628,577

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SAFE HARBOR AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Salaries and benefits	$ 278,566	$ 60,000	$ -	$ 338,566
Payroll taxes	23,627	5,186	-	28,813
Total salaries and related expense	302,194	65,186	-	367,379
Accounting and consulting	-	13,198	-	13,198
Annual gala	-	-	-	-
Community awareness & events	-	-	10,682	10,682
Client services	23,525	1,911	-	25,436
Client transportation	2,336	-	-	2,336
Depreciation	18,403	2,000	-	20,403
Dues and subscriptions	-	3,355	-	3,355
Food supplies	6,229	-	-	6,229
Insurance expense	23,260	4,248	-	27,508
Miscellaneous expense (income)	(6,610)	7	-	(6,603)
Office supplies	2,350	2,350	-	4,700
Rent expense	44,672	3,933	-	48,605
Repairs and maintenance	13,539	1,402	-	14,941
Telephone	6,448	1,612	-	8,060
Utilities	26,104	1,707	-	27,811
Total functional expenses	$ 462,449	$ 100,909	$ 10,682	$ 574,040

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(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. The Organization also has an outreach office in Slidell to serve only as a meeting place for court appearances and as a location for individual or group counseling and legal advocacy.

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

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.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

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

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

Public Support and Revenue

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

Grants and contributions without donor restrictions are recorded as revenue when received or unconditionally pledged. Contributions with donor restrictions are reported as increases in net assets without donor restrictions if the restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished, in the reporting period in which the revenue is recognized.

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

Consolidation

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2019 and 2018, 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 2016 through 2018 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.

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, 2019 and 2018, the Organization recorded donations in the amount of $10,631 and $16,783, 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.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

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

Property and Equipment

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

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, "*Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities.*" The Update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Safe Harbor has adopted this standard. The ASU has been applied retrospectively to all periods presented.

Reclassification

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

Subsequent Events

Subsequent events have been evaluated through December 20, 2019, which is the date the financial statements were available to be issued.

(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Safe Harbor's financial assets as of June 30, 2019 and 2018, respectively, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	2019	2018
Financial assets, at year end	$ 80,641	$ 49,329
Less those unavailable for general expenditure within one year due to:		
Funds set aside for donor restricted purposes	-	-
Financial assets available to meet cash needs for general expenditures within one year	$ 80,641	$ 49,329

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

(3) GRANTS RECEIVABLE

The grants receivable due from Department of Children and Family Services for services provided through June 30, 2019 and 2018 were $64,244 and $43,370, 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 at June 30, 2019 and 2018.

(4) PROPERTY AND EQUIPMENT

As of June 30, 2019 and 2018, property and equipment consisted of the following:

	2019	2018
Land and buildings' leasehold improvements	$ 425,763	$ 425,763
Furniture & fixtures	62,945	55,806
Vehicle	14,120	14,120
Leasehold improvements	78,443	62,093
	581,271	557,782
Less: accumulated depreciation	(193,976)	(172,857)
Property and equipment, net	$ 387,295	$ 384,925

(4) PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expense for the years ended June 30, 2019 and 2018 was $21,119 and $20,403, respectively.

(5) COOPERATIVE ENDEAVOR AGREEMENT

The Organization is a charitable beneficiary of Margie's House, a tax-exempt charitable entity owned by a third party who serves as an advisor to the Organization. The Organization and Margie's House have entered into a Cooperative Endeavor Agreement (CEA) whereby Margie's House furnishes the facilities occupied by the Organization. Occupancy is granted and regulated under a lease (Lease) and the Lease is pursuant to the CEA. The Lease is an absolute "triple net lease" whereby the Organization is responsible for all costs of ownership, maintenance, repairs, and insurance. The rental paid by the Organization is $3,092.40 per month. The Lease has no stated termination date and shall continue as long as the Organization is not in default or does not elect to cancel the lease, subject to the CEA. Margie's House has designated the facilities as part of its "Safe Harbor Support Fund" which consists of the facilities and all fund balances of Margie's House attributable thereto. This fund is dedicated to the exclusive benefit of the Organization, as long as the Organization maintains operation as a domestic violence program in St. Tammany Parish, maintains its designation as the official domestic violence program by the State of Louisiana Department of Children and Family Services, and remains as a member in good standing with the Louisiana Coalition Against Domestic Violence. These fund conditions have been maintained and satisfied by Safe Harbor for the periods reported herein and there are no facts known which indicate Safe Harbor will not continue to satisfy these conditions in the subsequent and following periods.

The Organization has recorded this lease as an operating lease and recognized lease expense of $37,109 and $37,109 for the years ended June 30, 2019 and 2018.

Effective January 2019, the Organization entered into an operating lease agreement for office space in Slidell with monthly payments of $400. The lease expired June 30, 2019 but was extended for an additional year with monthly payments of $400 with an option to extend upon expiration. For the year ended June 30, 2019, lease expense for this operating lease was $2,800.

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

2020	$	41,909
2021		37,109
2022		37,109
2023		9,277
	$	125,40

(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, 2019 and 2018, the Organization received 44% and 46%, respectively, of its support and revenues from the DCFS. Grants receivable included \$46,655 and \$47,651 from the DCFS for the years ended June 30, 2019 and 2018, respectively.

(7) GRANTS FROM GOVERNMENTAL AGENCIES

Grants from governmental agencies include the following for the years ended June 30, 2019 and 2018:

Total funds in the amount of \$244,187 and \$230,588, respectively, were awarded under a contract with the State of Louisiana, DCFS for the years ended June 30, 2019 and 2018. 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 \$74,559 and \$40,443, respectively, were received under a contract with the Louisiana Commission of Law Enforcement and Administration of Criminal Justice for the "Domestic Violence Program 7" (VOCA) and Domestic Violence Program project (VAWA) STOP Violence Against Women Program for the years ended June 30, 2019 and 2018. The federal funds were received from the United States Department of Justice, Office for Victims of Crime CFDA #16.575 and the Office on Violence Against Women CFDA #16.588.

Funds in the amount of \$22,338 and \$15,388, respectively, were received under a contract with the State of Louisiana, DCFS for the years ended June 30, 2019 and 2018. 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 \$15,408 and \$16,000, respectively, were received in the fiscal years ended June 30, 2019 and 2018, 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

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 $4,834 and $3,442, respectively, of accrued unpaid leave as of June 30, 2019 and 2018, which is included on the consolidated statements of financial position in payroll liabilities.

(9) LINE OF CREDIT

The line of credit balance is due to Margie's House (an entity owned by a third party who serves as an advisor to the Organization as mentioned in Note 5). On July 3, 2018, an unsecured line of credit, due on demand, was set up with Margie's House with amounts not to exceed $100,000 with an interest rate of 5.8% per annum. As of June 30, 2019, the Organization had withdrawn $47,850 on this line of credit. The terms of the lease agreement call for on demand payments.

(10) NEW ACCOUNTING PRONOUNCEMENTS

In March 2016, the FASB issued ASU No. 2016-02, Leases. The objective of ASU No. 2016-02 is to increase transparency and comparability among organizations by reorganizing lease assets and lease liabilities on the statements of financial position and disclosing key information about leasing arrangements. ASU No. 2016-02 is effective for annual reporting periods beginning after December15, 2019, and shall be applied using either a full retrospective or a modified retrospective approach. Early adoption is permitted. Safe Harbor is currently evaluating the impact on the results of its financial statements and does not except a material impact from the adoption of this standard.

(10) NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In June 2018, the FASB issued ASU No. 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, to clarify and improve the scope and accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This ASU is effective for the Foundation for the fiscal year ending June 30, 2020. Safe Harbor is currently evaluating the impact of this pronouncement on its financial statements.

(11) SUBSEQUENT EVENT

Effective May 14, 2019, the Organization received a grant under the Continuum of Care (CoC) Program in the amount $108,954 from the Department of Housing and Urban Development (HUD). The CoC Program is designed to improve the lives of men, women and children through local planning efforts and through the direct housing and service programs funded by the program. As of June 30, 2019, the Organization had not incurred any reimbursable costs under this program.

(12) RELATED PARTY TRANSACTIONS

During the year ended June 30, 2019, Board of Director's members contributed approximately $8,400.

SAFE HARBOR AND SUBSIDIARY
SCHEDULE OF COMPENSATION,
BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2019

	Executive Director Kim Kirby
Time served	07/01/18 through 06/30/19
Salary	$ 67,995
Benefits - insurance (health and dental)	1,800
Benefits - cell phone	1,200
Travel	3,154
Conference travel	233
Total compensation, benefits, and other payments	$ 74,182

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

ERICKSEN KRENTEL

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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, 2019, 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 20, 2019.

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.

4227 Canal Street
New Orleans, LA 70119
P: (504) 486-7275 | F: (504) 482-2516

Ericksen Krentel LLP
www.EricksenKrentel.com

2895 Highway 190, Ste 213
Mandeville, LA 70471
P: (985) 727-0777 | F: (985) 727-6701

To the Board of Directors of
Safe Harbor and Subsidiary
December 20, 2019

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 20, 2019
Mandeville, Louisiana

Ericksen Krentel, LLP

Certified Public Accountants

SAFE HARBOR AND SUBSIDIARY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019

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, 2019.

SECTION II FINANCIAL STATEMENT FINDINGS

None noted.

SAFE HARBOR AND SUBSIDIARY
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

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, 2019

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, 2018 to June 30, 2019, 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.

ERICKSEN KRENTEL
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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

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 20, 2019
Mandeville, Louisiana

Ericksen Krentel, LLP

Certified Public Accountants

SAFE HARBOR AND SUBSIDIARY
AGREED-UPON PROCEDURES
JULY 1, 2018 TO JUNE 30, 2019

Debit Cards (Follow-up)

1. **Procedures:** Obtain from management a listing of all active cards, bank debit cards, fuel cards, and P-cards for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

   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 Crystina Lesley, who 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.

2. **Procedures:** Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

   - Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) 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 months of April 2019 (Petty Cash Account #1) and January 2019 (Petty Cash Account #2) to avoid testing the same months as the prior year. The Executive Director and Business Manager cross review each bank statement monthly. The Executive Director approved all transactions, including the transactions on the Executive Director's debit card. However, Safe Harbor has procedures in place for a third-party board member to review and approve the bank statements and reconciliations monthly.

3. **Procedures:** Using the monthly statements or combined statements selected under #2 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing).

   - For each transaction, observe that it is supported by written documentation of the business/public purpose.

   Results: All but one transaction was supported by an original itemized receipt. The one transaction is a reoccurring expense that the original contract and details are kept in a vendor folder in the Business Manager's office.

SAFE HARBOR, INC.
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2018 TO JUNE 30, 2019

Board (or Finance Committee, if applicable) Oversight

1. **Procedures:** Obtain and inspect the entity's written policies and procedures over budgeting and observe that they address preparing, adopting, monitoring, and amending the budget.

   Results: The entity's written policies and procedures over budgeting address preparing, adopting, monitoring, and amending the budget.

2. **Procedures:** Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

   - Observe that the board/finance committee met with a quorum at least monthly or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

   - Observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

   Results: The entity's Board met with a quorum on a frequency with the board's enabling charter and bylaws and the minutes referenced financial activity relating to public funds.