SAFE HARBOR AND SUBSIDIARY

Consolidated Financial Statements
with Supplemental Information

June 30, 2022

(With Independent Auditors' Report Thereon)

SAFE HARBOR AND SUBSIDIARY

Table of Contents

GRIFFIN & FURMAN LLC
CERTIFIED PUBLIC ACCOUNTANTS

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American Society of Certified Public Accountants
Society of Louisiana CPAs

Independent Auditors' Report

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

Opinion

We have audited the accompanying consolidated financial statements of Safe Harbor and Subsidiary (both nonprofit organizations), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Safe Harbor and Subsidiary as of June 30, 2022, and the changes in its consolidated net assets and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Safe Harbor and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Safe Harbor and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- **Exercise professional judgment and maintain professional skepticism throughout the audit.**
- **Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.**
- **Obtain an understanding of internal control relevant to the audit 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 Safe Harbor and Subsidiary's internal control. Accordingly, no such opinion is expressed.**
- **Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.**
- **Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Safe Harbor and Subsidiary's ability to continue as a going concern for a reasonable period of time.**

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Griffin & Furman, LLC

December 20, 2022

SAFE HARBOR AND SUBSIDIARY

Consolidated Statement of Financial Position

June 30, 2022

Assets

Current assets:				
Cash and cash equivalents - unrestricted	$	120,770		
Cash and cash equivalents - restricted		207,001		
Grants receivable		52,178		
Prepaid expenses		1,408		
Total current assets				381,357
Property and equipment, net				346,251
Other assets				3,825
Total assets			$	731,433

Liabilities & Net Assets

Current liabilities:				
Accounts payable	$	661		
Payroll liabilities		23,227		
Deferred revenue		15,000		
Total current liabilities				38,888
Net assets:				
Without donor restrictions		485,544		
With donor restrictions		207,001		
Total net assets				692,545
Total liabilities & net assets			$	731,433

See accompanying notes to consolidated financial statements.

SAFE HARBOR AND SUBSIDIARY

Consolidated Statement of Activities

For the Year Ended June 30, 2022

		Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support:				
Grants	$	600,002	277,528	877,530
United Way designations		10,401	-	10,401
In-kind donations		23,536	-	23,536
Contributions		109,920	-	109,920
Interest income		63	-	63
PPP loan revenue		161,550	-	161,550
Net assets released from restrictions		70,527	(70,527)	-
Total revenue, gains and other support		975,999	207,001	1,183,000
Expenses:				
Program services		756,882	-	756,882
Supporting services:				
Management and general		96,490	-	96,490
			-	-
Total expenses		853,372	-	853,372
Change in net assets:		122,627	207,001	329,628
Net assets - beginning of year		362,917	-	362,917
Net assets - end of year	$	485,544	207,001	692,545

See accompanying notes to consolidated financial statements.

SAFE HARBOR AND SUBSIDIARY

Consolidated Statement of Cash Flows

For the Year Ended June 30, 2022

Cash flows from operating activities:			
Change in net assets	$	329,628	
Adjustments to reconcile increase in net assets			
to net cash provided by operating activities:			
Depreciation		21,721	
PPP loan revenue		(161,550)	
(Increases) decreases in assets:			
Grants receivable		23,318	
Increases (decreases) in liabilities:			
Accounts payable		(811)	
Accrued interest		(11,125)	
Deferred revenue		15,000	
Payroll liabilities		(1,018)	
Net cash provided by operating activities			215,163
Cash flows from investing activities:			
Purchase of property and equipment		(2,648)	
Net cash used by investing activities			(2,648)
Cash flows from financing activities:			
Net payments on line of credit		(80,138)	
Net cash used by financing activities			(80,138)
Net increase in cash and cash equivalents			132,377
Cash and cash equivalents, beginning of year			195,394
Cash and cash equivalents, end of year		$	327,771
Supplemental disclsoures of cash flow information:			
Cash paid for interest		$	14,321
Cash and cash equivalents - unrestricted		$	120,770
Cash and cash equivalents - restricted			207,001
		$	327,771

See accompanying notes to consolidated financial statements.

SAFE HARBOR AND SUBSIDIARY

Consolidated Statement of Functional Expenses

For the Year Ended June 30, 2022

		Program Services	Management and General	Total
Salaries and benefits	$	406,019	48,000	454,019
Payroll taxes		33,706	3,985	37,691
Total salaries and related expense:		439,725	51,985	491,710
Accounting and consulting		-	16,085	16,085
Community awareness & events		-	1,598	1,598
Client services		161,283	-	161,283
Depreciation		19,592	2,129	21,721
Dues and subsciptions		-	1,954	1,954
Food supplies		10,323	-	10,323
Insurance		24,983	5,980	30,963
Interest		-	3,196	3,196
Office supplies		4,055	4,057	8,112
Rent expense		44,019	3,875	47,894
Repairs and maintenance		15,533	1,609	17,142
Telephone		8,557	2,139	10,696
Utilities		28,811	1,884	30,695
Total functional expenses	$	756,882	96,490	853,372

See accompanying notes to consolidated financial statements.

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

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

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

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

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

(b) Basis of Accounting

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

(c) Basis of Presentation

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

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

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

(d) Public Support and Revenue

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

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

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

(e) Consolidation

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

(f) Estimates

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

(g) Functional Expense Allocation

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

(h) Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. For the year ended June 30, 2022, 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 2019 through 2021 tax years remain subject to examination by the IRS. Management does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

(i) Operations

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

(j) In-Kind Donations

The Organization's policy is to recognize contributed professional services if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets and materials are recognized at fair value when received. The Organization does not sell donated in-kind gifts. In-kind donations amounted to $23,536 for the year ended June 30, 2022.

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

(k) Cash and Cash Equivalents

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

(l) Property and Equipment

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

(m) Accounting Pronouncements Adopted in Current Year

In September 2020, the Financial Accounting Standards Board ("FASB") issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit

organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. The Organization adopted and implemented this pronouncement on July 1, 2021 using the prospective method of application. The adoption of ASU 2020-07 resulted in no material changes to the recognition of collections.

(n) Recent Accounting Pronouncements Issued Not Yet Effective

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which requires the recognition of a "right to use" asset and a lease liability, initially measured at the present value of the lease payments, on all of the Organization's lease obligations. This ASU is effective for fiscal years beginning after December 15, 2021. Management does not expect this ASU to have a significant impact on the Organization's consolidated financial statements.

(2) Liquidity and Availability of Financial Assets

The following reflects the Safe Harbor's financial assets as of June 30, 2022 reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets available within one year and free of donor or legal restrictions:	
Cash and cash equivalents - unrestricted	$ 120,770
Grants receivable	52,178
Available without restrictions within one year	172,948
Financial assets available within one year, subject to donor or legal restrictions:	
Cash and cash equivalents - restricted	207,001
Total financial assets	$ 379,949

The Organization is principally supported by grants from the government and other supporters. The goal of the Foundation is to maintain available financial assets to meet its next 90 days of operating expenses. In addition, the Organization has access to available liquidity of $100,000 under a line of credit. (See Note 13.)

(3) Grant Receivable

Grants receivable from various grantor agencies for services provided through June 30, 2022 was $52,178. 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, 2022.

(4) Property and Equipment

As of June 30, 2022, property and equipment consisted of the following:

Land and buildings	$ 425,763
Leasehold improvements	88,973
Furniture and fixtures	72,508
Vehicle	14,120
	601,364
Less: Accumulated depreciation	(255,113)
Property and equipment, net	$ 346,251

Depreciation expense for the year ended June 30, 2022 was $21,721.

(5) Net Assets With Restrictions

Grants

As of June 30, 2022, the Organization has net assets with restrictions associated with grants for family violence program amounting to $207,001.

(6) Net Assets Released from Restrictions

At the beginning of the year the Organization had $0 of net assets with restrictions. During 2022, the Organization received additional net assets with restrictions (grants) totaling $277,528. Restrictions were met for $70,527 of these funds during the year.

(7) Cooperative Endeavor Agreement and Leases

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

The Organization has recorded this lease as an operating lease and recognized lease expense of $42,000 for the year ended June 30, 2022. Future minimum lease payments are as follows:

Year Ending June 30,	Amount
2023	$ 42,000
2024	42,000
2025	42,000
2026	42,000
2027	42,000
Thereafter	336,000
	$ 546,000

Effective July 2021, the Organization entered into an operating lease agreement for office space in Slidell with monthly payments of $400. The lease expired June 30, 2022 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, 2022, lease expense for this operating lease was $4,800.

(8) Economic Dependency

The Organization receives a significant amount of funding from the State of Louisiana, Department of Children and Family Services (DCFS). Should the DCFS cut its funding or disallow items, this would have a negative impact on the Organization's operations. For the year ended June 30, 2022, the Organization received 59% of its support and revenues from the DCFS. Grants receivable included $23,996 from the DCFS for the year ended June 30, 2022.

(9) Grants from Governmental Agencies

Grants from governmental agencies include the following for the year ended June 30, 2022:

Total funds in the amount of $562,599 were awarded under a contract with the State of Louisiana, DCFS for the year ended June 30, 2022. 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 $78,283 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 year ended June 30, 2022. The federal funds were received from the United States Department of Justice, Office for Victims of Crime CFDA #16.575 and the Office on Violence Against Women CFDA #16.588.

Federal funds in the amount of $107,777 were received under a contract with the United States Department of Housing and Urban Development (HUD). The contract is under HUD's Continuum of Care Program, CFDA #14.267, that provides leasing, rental, and support services to homeless individuals.

Funds in the amount of $11,935 were received under a contract with the St. Tammany Parish Government. The funds are used to provide direct services to victims who access Safe Harbor services and housing program.

Funds in the amount of $32,159 were received under a contract with United Way of Southeast Louisiana. The grant was used to provide services to domestic violence survivors.

Funds in the amount of $51,251 were received under two contracts with the Louisiana Coalition Against Domestic Violence. These grants were used to provide savings matches and rental and utility assistance.

Funds in the amount of $16,000 were received in the fiscal year ended June 30, 2022, under a contract with the IOLTA Louisiana Bar Association. This grant was used to supplement the salaries of the legal advocates providing legal assistance to the poor.

In accordance with Louisiana Revised Statute 46:2126, a $12.50 fee is collected on every marriage license issued in the State of Louisiana. This fee is collected by the clerks of court and is remitted to DCFS for distribution to each parish's designated domestic violence shelter. Funds in the amount of $17,526 were received during the year under this program.

(10) In-Kind Donations

Goods & Household Items

For the year ended June 30, 2022, in-kind contributions consisted various good and household items valued at $20,536. Value for these items was estimated based on retail value for new items and thrift store value for used items. These items were utilized in the Organization's domestic violence assistance program.

Contributed Services

For the year ended June 30, 2022, the Organization recorded $3,000 of contributed services for accounting related services provided by a consultant.

The Organization pays for most services requiring specific expertise. However, many individuals donate their time in performing a variety of tasks to assist the Organization's operations. The donated hours and value of these contributed services have not been included in these consolidated financial statements, as they do not meet the criteria for recognition. For the year ended June 30, 2022 donated hours amounted to 42.25 with an estimated value of $3,056.

(11) 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 $5,739 of accrued unpaid leave as of June 30, 2022, which is included on the consolidated statement of financial position in payroll liabilities.

(12) Line of Credit

The Organization maintains a line of credit with Margie's House (an entity owned by a third party who serves as an advisor to the Organization as mentioned in Note 7). This unsecured line of credit, due on demand, allows the Organization to borrow up to $100,000 with an interest rate of 5.8% per annum. As of June 30, 2022, the Organization had no draws on this line of credit leaving an unused amount of $100,000.

(13) Loan Payable

On May 7, 2020, the Organization received loan proceeds in the amount of $81,450 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period. In the event of default, all amounts due under the note become due. The loan was forgiven on October 18, 2021.

On March 17, 2021, the Organization received loan proceeds in the amount of $80,100 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period. In the event of default, all amounts due under the note become due. The loan was forgiven on October 19, 2021.

(14) Related Party Transactions

During the year ended June 30, 2022, Board members contributed approximately $346 to the Organization.

(15) Evaluation of Subsequent Events

The Organization has evaluated subsequent events through December 20, 2022, the date which the consolidated financial statements were available to be issued.

SAFE HARBOR AND SUBSIDIARY

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

For the Year Ended June 30, 2022

Agency Head: **Kim Kirby**

Salary	**$**	**70,000**
Bonuses		**4,988**
Benefits - insurance (health and dental)		**1,800**
Benefits - cell phone		**1,200**
Travel		**748**
Total compensation, benefits, and other payments	**$**	**78,736**

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Safe Harbor and Subsidiary (non-profit corporations), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 20, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Griffin & Furman, LLC

December 20, 2022

SAFE HARBOR AND SUBSIDIARY

Schedule of Findings

Year Ended June 30, 2022

<u>Section I – Summary of Auditors' Results</u>

Financial Statements:

a. Type of auditors' report issued - unqualified

b. Internal Control Over Financial Reporting

Material weaknesses identified – None
Significant deficiencies identified that are not considered material weaknesses – None

c. Non-Compliance Material to Financial Statements - None

Federal Awards

Not applicable.

<u>Section II – Financial Statement Findings</u>

No matters reported.

<u>Section III – Federal Award Findings and Questioned Costs</u>

Not applicable.

SAFE HARBOR AND SUBSIDIARY

Status of Prior Year Findings

For the Year Ended June 30, 2022

Not applicable.