SAFE HARBOR AND SUBSIDIARY

Consolidated Financial Statements
with Supplemental Information

June 30, 2020

(With Independent Auditors' Report Thereon)

SAFE HARBOR AND SUBSIDIARY

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GRIFFIN & FURMAN LLC
CERTIFIED PUBLIC ACCOUNTANTS

Stephen M. Griffin, CPA
Robert J. Furman, CPA

Jessica S. Benjamin, Director

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Independent Auditors' Report

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

We have audited the accompanying consolidated financial statements of the Safe Harbor and subsidiary (both nonprofit organizations) which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities and cash flows for the year 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 auditor's 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.

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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 consolidated financial position of Safe Harbor and subsidiary as of June 30, 2020, and the changes in their consolidated net assets and their consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 January 11, 2021 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

January 11, 2021

SAFE HARBOR AND SUBSIDIARY

Consolidated Statement of Financial Position

June 30, 2020

Assets

Current assets:				
Cash and cash equivalents	$	124,856		
Grants receivable		73,754		
Total current assets				198,610
Property and equipment, net				378,771
Other assets				3,825
Total assets			$	581,206

Liabilities & Net Assets

Current liabilities:				
Accounts payable	$	936		
Line of credit		80,138		
Accrued interest		6,477		
Payroll liabilities		17,967		
Current portion of loan payable		80,100		
Total current liabilities				185,618
Net assets:				
Without donor restrictions		395,588		
Total net assets				395,588
Total liabilities & net assets			$	581,206

See accompanying notes to consolidated financial statements.

SAFE HARBOR AND SUBSIDIARY

Consolidated Statement of Activities

For the Year Ended June 30, 2020

		Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support:				
Grants	$	414,047	-	414,047
United Way designations		6,374	-	6,374
Donated furniture and supplies		16,600	-	16,600
Contributions		99,016	-	99,016
Special events		180,866		180,866
Interest income		38	-	38
Net assets released from restrictions		-	-	-
Total revenue, gains and other support		716,941	-	716,941
Expenses:				
Program services		581,777	-	581,777
Supporting services:				
Management and general		100,414	-	100,414
Direct costs of special events		42,577	-	42,577
			-	-
Total expenses		724,768	-	142,991
Change in net assets:		(7,827)	-	(7,827)
Net assets - beginning of year		403,415	-	403,415
Net assets - end of year	$	395,588	-	395,588

SAFE HARBOR AND SUBSIDIARY

Consolidated Statement of Cash Flows

For the Year Ended June 30, 2020

Cash flows from operating activities:				
Change in net assets	$	(7,827)		
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:				
Depreciation		20,385		
(Increases) decreases in assets:				
Grants receivable		(9,510)		
Prepaid expenses		11,271		
Increases (decreases) in liabilities:				
Accounts payable		(799)		
Accrued interest		6,477		
Deferred revenue		(12,000)		
Payroll liabilities		3,035		
Net cash provided by operating activities				7,932
Cash flows from investing activities:				
Purchase of property and equipment		(11,861)		
Net cash used by investing activities				(11,861)
Cash flows from financing activities:				
Net proceeds from line of credit		32,288		
Proceeds from loan payable		80,100		
Net cash provided by financing activities				112,388
Net increase in cash and cash equivalents				108,459
Cash and cash equivalents, beginning of year				16,397
Cash and cash equivalents, end of year			$	124,856
Supplemental disclsoures of cash flow information:				
Cash paid for interest			$	-

See accompanying notes to consolidated financial statements.

SAFE HARBOR AND SUBSIDIARY

Consolidated Statement of Functional Expenses

For the Year Ended June 30, 2020

		Program Services	Management and General	Total
Salaries and benefits	$	340,277	48,000	388,277
Payroll taxes		27,776	3,918	31,694
Total salaries and related expense:		368,053	51,918	419,971
Accounting and consulting		-	16,685	16,685
Community awareness & events		-	698	698
Client services		55,657	-	55,657
Client transportation		3,694	-	3,694
Depreciation		18,387	1,998	20,385
Dues and subsciptions		-	1,783	1,783
Food supplies		5,681	-	5,681
Insurance		23,560	5,640	29,200
Interest		-	6,477	6,477
Miscellaneous		1,226	-	1,226
Office supplies		5,386	5,388	10,774
Rent expense		38,808	3,417	42,225
Repairs and maintenance		22,641	2,345	24,986
Telephone		8,319	2,080	10,399
Utilities		30,365	1,985	32,350
Total functional expenses	$	581,777	100,414	682,191

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 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, 2020, 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 2017 through 2019 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) Donated Assets and Services

The Organization records noncash donations as contributions at their estimated fair value at the date of donation. The value of noncash donations recognized was $13,600 for the year ended June 30, 2020 and is recorded as program services expense in the accompanying consolidated statements of activities and functional expenses. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills are provided by individuals possessing these skills and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received. The value of donated accounting services recognized was $3,000 for the year ended June 30, 2020 and is recorded as management and general expenses in the accompanying consolidated statements of activities and functional expenses.

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) New Accounting Pronouncement

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. Safe Harbor has adopted this standard. The ASU has been applied prospective basis and had no affect on the financial statements of the Organization.

(2) Liquidity and Availability of Financial Assets

The following reflects the Safe Harbor's financial assets (cash & cash equivalents and grants receivable) as of June 30, 2020 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, and year end	$ 198,610
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	$ 198,610

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) Grant Receivable

Grants receivable from various grantor agencies for services provided through June 30, 2020 was $73,754. 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, 2020.

(4) Property and Equipment

As of June 30, 2020, property and equipment consisted of the following:

Land and buildings' leasehold improvements	$ 425,763
Furniture and fixtures	67,425
Vehicle	14,120
Leasehold improvements	85,824
	593,132
Less: Accumulated depreciation	(214,361)
Property and equipment, net	$ 378,771

Depreciation expense for the year ended June 30, 2020 was $20,385.

(5) 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 $3,092.40 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 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 $37,109 for the year ended June 30, 2020.

Effective July 1, 2020 the Organization entered into a new lease with Margie's House for the facilities occupied by the Organization. Occupancy is granted and regulated under the 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 will be $3,500 per month. The term of the lease is 15 years and maybe cancelled by the Organization with twelve months written notice.

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, 2020 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, 2020, lease expense for this operating lease was $4,800.

The Organization has entered into various residential lease agreements to provide housing to its clients. Rent expense under these leases amounted to $26,623 for the year ended June 30, 2020 and is included in program services on the consolidated statement of activities and client services on the consolidated statement of functional expenses. These leases expire throughout the ensuing fiscal year and have future rent commitments totaling $28,274 at June 30, 2020.

(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, 2020, the Organization received 35% of its support and revenues from the DCFS. Grants receivable included $41,102 from the DCFS for the year ended June 30, 2020.

(7) Grants from Governmental Agencies

Grants from governmental agencies include the following for the year ended June 30, 2020:

Total funds in the amount of $232,306 was awarded under a contract with the State of Louisiana, DCFS for the year ended June 30, 2020. 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 $61,902 was 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, 2020. 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 $46,014 was 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 $25,000 was 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 $16,502 was 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 $16,426 was received in the fiscal year ended June 30, 2020, 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 $15,897 were received during the year under this program.

(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 $5,639 of accrued unpaid leave as of June 30, 2020, which is included on the consolidated statement 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, 2020, the Organization had withdrawn $80,138 on this line of credit leaving an unused amount of $19,862.

(10) Loan Payable

On May 7, 2020, 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 unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments to either (1) the date that Small Business Administration remits the borrower's loan forgiveness amount to the lender or (2) if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower's loan forgiveness covered period. The Organization intends to use the proceeds for purposes consistent with the PPP. The Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan.

(11) 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 December 15, 2021 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.

(12) Related Party Transactions

During the year ended June 30, 2020, Board of Director's members contributed approximately $3,100.

(13) Evaluation of Subsequent Events

The Organization has evaluated subsequent events through January 11, 2021, the date which the consolidated financial statements were available to be issued.

SAFE HARBOR AND SUBSIDIARY

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

For the Year Ended June 30, 2020

Agency Head: Kim Kirby

Salary	$	67,995
Benefits - insurance (health and dental)		1,800
Benefits - cell phone		1,200
Travel		142
Conference travel		2,905
Total compensation, benefits, and other payments	$	74,042

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

**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, 2020, 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 January 11, 2021.

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.

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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

January 11, 2021

Schedule of Findings

Year Ended June 30, 2020

Section I – Summary of Auditors' Results

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.

Section II – Financial Statement Findings

No matters reported.

Section III – Federal Award Findings and Questioned Costs

Not applicable.

SAFE HARBOR AND SUBSIDIARY

Status of Prior Year Findings

For the Year Ended June 30, 2020

Not applicable.