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SAFE HARBOR, INC.

REPORT OF THE AUDIT OF THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date March 3, 1999

SAFE HARBOR, INC.
REPORT OF THE AUDIT OF THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 1998

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DELPHINE A. CUPPAY
CERTIFIED PUBLIC ACCOUNT
P.O. Box 1363
Lacombe, LA 70445
(504) 882-5608

INDEPENDENT AUDITOR'S REPORT

December 10, 1998

Board of Directors
Safe Harbor, Inc.
Slidell, LA 70458

I have audited the accompanying general-purpose financial statements of Safe Harbor, Inc., (a nonprofit organization), as of and for the year ended June 30, 1998, as listed in the table of contents. These general-purpose financial statements are the responsibility of Safe Harbor, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

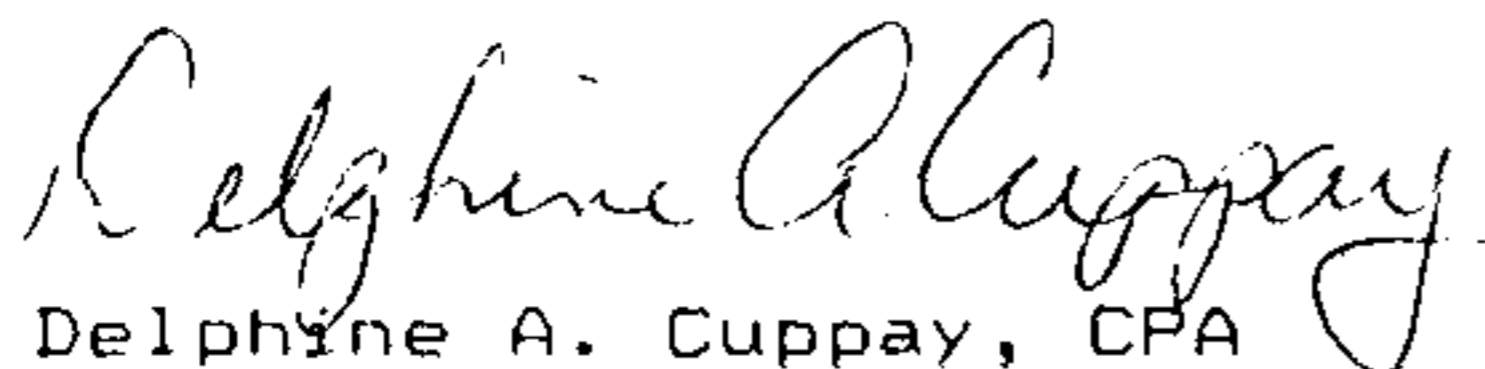
I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Safe Harbor, Inc. as of June 30, 1998, and the changes in its net assets and its cash flows for the fiscal year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued reports dated December 10, 1998 on my consideration of Safe Harbor, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

My audit was performed for the purpose of forming an opinion on the general-purpose financial statements of Safe Harbor, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States*,

Local Governments, and Non-Profit Organizations, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

A handwritten signature in cursive script that reads "Delphine A. Cuppay".

Delphine A. Cuppay, CPA

SAFE HARBOR, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 1998

<u>ASSETS</u>	
Current Assets:	
Cash and cash equivalents	\$ 7,017
Accts receivable grants and contracts (Note 3)	30,534
Unconditional promise to give	5,000
Prepaid expenses	5,040

Total Current Assets	47,591
Fixed Assets (Note 4):	
Furniture and fixtures	31,640
Equipment	7,545
Leasehold improvements	41,612

	80,797
Less: Accumulated depreciation	<u>(32,210)</u> 48,587
Security deposits	1,505

TOTAL ASSETS	\$ 97,683 =====
<u>LIABILITIES AND NET ASSETS</u>	
Current Liabilities:	
Accounts payable	\$ 3,607
Payroll taxes payable	1,334
Accrued expenses	\$ 1,000

Total Curr. Liabilities	5,941
Net Assets:	
Unrestricted net assets	86,742
Temporarily restricted net assets (Note 5)	5,000

Total Net Assets	91,742

TOTAL LIABILITIES AND NETS ASSETS	\$ 97,683 =====

The accompanying notes are an integral part of the financial statements.

SAFE HARBOR, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Fiscal Year Ended June 30, 1998

CHANGES IN UNRESTRICTED NET ASSETS	
Revenue and support:	
Grants and contracts	\$ 10,866
Contributions	65,426
Membership dues	220
Special events	27,451
Net assets released from restrictions	166,458

TOTAL UNRESTRICTED REVENUE AND SUPPORT	270,421
EXPENSES:	
Program services	201,001
Supporting services:	
Management and general	41,863
Grant expenses	298
Fund-raising	1,806

TOTAL EXPENSES	244,968

INCREASE IN UNRESTRICTED NET ASSETS	25,453

CHANGES IN TEMPORARILY RESTRICTED NET ASSETS	
State Grants - funding for current year	157,169
IOLTA Grant - funding for next year	5,000
Other grants and contracts for the current year	5,287
Interest income	278
Net assets released from restrictions	(166,458)

INCREASE IN TEMPORARY RESTRICTED NET ASSETS	1,276

INCREASE IN NET ASSETS	26,729
NET ASSETS AT BEGINNING OF YEAR	65,013

NET ASSETS AT END OF YEAR	\$ 91,742
	=====

The accompanying notes are an integral part of the financial statements.

SAFE HARBOR, INC.

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 1998

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$26,729
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:	
Depreciation	11,416
(Increase) decrease in operating assets	
Accounts receivable - grants and contracts	(7,830)
Unconditional promises to give	(5,000)
Prepaid expenses	(1,316)
Increase (decrease) in operating liabilities	
Accounts payable	3,607
Payroll taxes payable	(861)
Accrued expenses	1,000

NET CASH PROVIDED BY OPERATING ACTIVITIES	27,745
CASH FLOWS FROM INVESTING ACTIVITIES	
Payments for property and equipment	(29,672)

NET CASH USED BY INVESTING ACTIVITIES	(29,672)

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,927)
BEGINNING CASH AND CASH EQUIVALENTS	8,944

NET CASH AND CASH EQUIVALENTS	\$ 7,017
	=====

The accompanying notes are an integral part of the financial statements.

SAFE HARBOR, INC.
 STATEMENT OF FUNCTIONAL EXPENSES
 For the Fiscal Year Ended June 30, 1998

	<u>Program</u> <u>Services</u>	<u>Management</u> <u>& General</u>	<u>Grant</u> <u>Expenses</u>	<u>Fund-</u> <u>raising</u>	<u>Total</u>
Compensation and related expenses:					
Compensation:					
Executive Director	\$ 17,600	\$ 9,477	-	-	\$ 27,077
Social Worker	9,474	-	-	-	9,474
Children's Coordinator	8,305	-	-	-	8,305
House Managers	37,953	-	-	-	37,953
Counselor	4,234	-	-	-	4,234
Office Administrator	9,671	6,448	-	-	16,119
Relief Staff	6,793	-	-	-	6,793
Volunteer Coordinator	4,860	-	-	-	4,860
Court Advocates	3,938	-	-	-	3,938
Related benefits:					
Payroll taxes	9,948	1,490	-	-	11,438
Advertising	576	-	-	-	576
Automobile	3,027	-	-	-	3,027
Audit	5,000	-	-	-	5,000
Accounting	4,369	1,998	-	-	6,367
Bank charges	-	257	-	-	257
Client transportation	1,661	-	-	-	1,661
Client services	4,932	-	-	-	4,932
Legal-IDLTA expense	3,565	-	-	-	3,565
Dues & subscriptions	791	487	-	-	1,278
Depreciation	7,765	3,651	-	-	11,416
Grant expenses	-	-	298	-	298
Fundraising expenses	-	-	-	1,806	1,806
Miscellaneous	3,764	-	-	-	3,764
Maintenance-Equipment	3,544	678	-	-	4,222
Maintenance-Shelter	4,927	-	-	-	4,927
Meetings & conventions	3,736	769	-	-	4,505
Postage	-	400	-	-	400
Office	-	4,328	-	-	4,328
Insurance	11,673	1,050	-	-	12,723
Utilities	6,028	-	-	-	6,028
Telephone	8,123	980	-	-	9,103
Building lease	12,000	9,850	-	-	21,850
Supplies:					
Food supplies	2,744	-	-	-	2,744
	\$201,001	\$ 41,863	\$ 298	\$ 1,806	\$244,968
	=====	=====	=====	=====	=====

The accompanying notes are an integral part of the financial statements.

SAFE HARBOR, INC.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 1998

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. *Organization*

(1) Safe Harbor, Inc. was incorporated to provide services to women and their dependent children who are victims of domestic violence. It operates a twenty-one bed facility which provides temporary housing for its clients. Clients also receive food, clothing, free medical and dental care as well as information on housing, legal and welfare aid, educational assistance, training and employment counseling.

(2) *Economic Dependence*

Safe Harbor, Inc. is significantly funded by the State of Louisiana, Office of Women's Services. Should the Office of Women's Services cut its funding or disallow items, Safe Harbor, Inc. would be required to reduce its services.

B. *Significant Accounting Policies*

(1) *Financial Statement Presentation*

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No 117, *Financial Statements of Not-For-Profit Organizations*. Under SFAS No. 117, Safe Harbor, Inc. is required to report its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Also required is the presentation of a statement of cash flows.

Unrestricted net assets represent those assets which the organization may use at its discretion.

Temporarily restricted net assets result from contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of Safe Harbor, Inc. pursuant to those stipulations.

Permanently restricted net assets result from contributions and other inflows of assets whose use by the organization is limited by donor-

SAFE HARBOR, INC.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Fiscal Year Ended June 30, 1998

B. *Significant Accounting Policies (Continued)*

(1) Financial Statement Presentation (Continued)

imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of Safe Harbor, Inc.

Net assets of the two restricted classes are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class.

Safe Harbor, Inc. does not have any permanently restricted net assets for fiscal year ended June 30, 1998.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-stipulated restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purposes has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

(2) Contributions

Safe Harbor, Inc. has adopted Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions are recognized when the donor makes a promise to give and are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Safe Harbor, Inc. reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

SAFE HARBOR, INC.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Fiscal Year Ended June 30, 1998

B. *Significant Accounting Policies (Continued)*

(2) Contributions (Continued)

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

(3) Property and Equipment

Land, major renovations and major repairs and equipment are stated at cost at the date of acquisition or renovation, or, if donated, at fair value at date of donation. Minor renovations and repairs are charged to operations and maintenance as incurred. Depreciation of furniture and equipment is provided on the straight-line basis over an estimated useful life of five years. Leasehold improvements are amortized over an estimated useful life of ten years. Amortization expense of leasehold improvements is included in the depreciation expense reported on the financial statements.

(4) Use of Estimates

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

(5) Cash and Cash Equivalents and Concentrations of Credit Risk

Cash and cash equivalents consist of cash held in checking accounts. Management believes Safe Harbor, Inc. is not exposed to any significant credit risk on cash and cash equivalents.

(6) Member Dues

Membership dues are recognized as revenue when received.

SAFE HARBOR, INC.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Fiscal Year Ended June 30, 1998

B. *Significant Accounting Policies (Continued)*

(7) Functional Allocation of Expenses

The cost of providing the program and administering the related supporting services have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, expenses that benefit both program and supporting services have been allocated using management's estimates.

Safe Harbor, Inc.'s activities of fundraising and membership services in many cases include purposes or contents related to a program service. American Institute of Certified Public Accountants Statement of Position 87-2 states that joint costs of informational materials or activities should be allocated between fundraising and the appropriate program or general function if it can be demonstrated that a program or general function has been performed in conjunction with the appeal for funds. Although Safe Harbor, Inc. has the ability to give evidence for such combined activities, it does not allocate those portions from its fundraising and membership activities to program services.

(8) Donated Materials

Safe Harbor, Inc. records the value of donated goods when there is an objective basis available to measure their value. Accordingly, no amounts have been reflected in the statements for donated food and clothing as no objective basis is available to measure the value of such goods.

(9) Donated Services

Contributed services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Accordingly, Safe Harbor, Inc. recognized \$2,500 for professional counseling services donated by various psycho-social professionals. This amount is included in contributions and client services expenses.

(10) Donated Office Facilities

Office facilities located in the St. Tammany Parish Police Jury

SAFE HARBOR, INC.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Fiscal Year Ended June 30, 1998

B. *Significant Accounting Policies (Continued)*

(10) Donated Office Facilities (Continued)

Building on Old Spanish Trail in Slidell, Louisiana were donated by the St. Tammany Parish Police Jury until June 15, 1998 when Safe Harbor, Inc. moved its office to First Street in Slidell, Louisiana. Also a West St. Tammany Parish office was set up during the year on Theard Street in Covington, Louisiana to better serve the needs of the community on that side of the parish. These offices serve as a place to conduct business with the general public so that the physical location of the battered women's shelter can remain confidential. Accordingly, Safe Harbor, Inc. recognized \$6,000 for building lease expenses for the separate business office space on Old Spanish Trail. The amount is included in contributions and building lease expenses.

(11) Income Taxes

Safe Harbor, Inc. is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and as such qualifies for the charitable contributions deduction. In addition, the organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. Accordingly, there is no provision for federal or state income taxes.

(12) Operations

Safe Harbor, Inc. entered into a reimbursement contract with the State of Louisiana, Office of Women's Services, and State of Louisiana, Department of Social Services, Office of Community Services whereby all expenses incurred with the temporary housing program at the facility would be reimbursed by those institutions upon presentation of expenses incurred. Also Safe Harbor, Inc. entered into an agreement with The Parish of St. Tammany, The St. Tammany Parish Sheriff's Office and The St. Tammany Parish District Attorney's Office regarding a federal grant from the United States Department of Justice, Office of Justice Programs' Grant which grant was designated for the project "A Safer St. Tammany - Against Domestic Violence" and administered by The St. Tammany Police Jury Domestic Violence Coordinating Council whereby expenses incurred in connection with court appearances would be reimbursed by the appropriate institution or entity.

SAFE HARBOR, INC.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Fiscal Year Ended June 30, 1998

(13) Total Columns

Total columns are presented to facilitate financial analysis. Data in these columns do not present financial position, results of activities and changes in net assets in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE 2 - GRANTS FROM GOVERNMENTAL AGENCIES

Included in the grants from governmental agencies is \$126,794 received under a contract with the State of Louisiana, Office of Women's Services and included \$30,311 of federal funds through the Family Violence Prevention and Services Act. Federal funds in the amount of \$17,534 was received from the St. Tammany Parish Police Jury through an agreement with the Louisiana Department of Social Services, Office of Community Services. These funds are from the HUD/Emergency Shelter Grants Program. Also, federal funds in the amount of \$12,620 were received under a contract with The Parish of St. Tammany, The St. Tammany Parish Sheriff's Office and The St. Tammany Parish District Attorney's Office through the United States Department of Justice, Office of Justice Programs' Grant, which grant was designated for the project "A Safer St. Tammany - Against Domestic Violence".

NOTE 3 - ACCOUNTS RECEIVABLE

The accounts receivable is due from various grantors listed below for services provided through June 30, 1998. All receivables are expected to be received in a timely manner. The accounts receivable balance consists of the following:

Due from Office of Women's Services	\$25,098
Due from Office of Community Services	1,516
Due from Office of Justice Programs' Grant	<u>3,920</u>
Total	\$30,534
	=====

NOTE 4 - PROPERTY AND EQUIPMENT

Depreciation is calculated using the straight line method over a useful life of five years. Leasehold improvements are amortized over ten years. Property, plant and equipment consists of the following:

SAFE HARBOR, INC.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Fiscal Year Ended June 30, 1998

NOTE 4 - PROPERTY AND EQUIPMENT (CONTINUED)

	Costs as of 06/30/97	Additions	Costs as of 06/30/98
<u>Property & Equip.</u>			
Furniture & fixtures	\$ 17,910	\$ 13,730	\$ 31,640
Playground equipment	7,545		7,545
Leasehold improvements	<u>25,670</u>		<u>41,612</u>
TOTALS	\$ 51,125	\$ 13,730	\$ 80,797
	=====	=====	=====

	Accum. Depre. as of 06/30/97	Depre. Expense	Accum. Depre. as of 06/30/98
<u>Property & Equip.</u>			
Furniture & fixtures	\$ 8,696	\$ 5,438	\$ 14,134
Playground equipment	3,000	1,509	4,509
Leasehold improvements	<u>9,098</u>	<u>4,469</u>	<u>13,567</u>
TOTALS	\$ 20,794	\$ 11,416	\$ 32,210
	=====	=====	=====

Costs of Assets as of 06/30/98	\$80,797
Less Accumulated Depreciation	<u>32,204</u>
Net Book Value as of 06/30/98	\$48,593
	=====

NOTE 5 - TEMPORARY RESTRICTIONS ON ASSETS

Temporarily restricted net assets are available for the following program service expenses under the IOLTA Grant sponsored by Louisiana Bar Foundation:

Paralegal, court fees, accounting, audit costs and office supplies	\$5,000
---	---------

NOTE 6 - ACCRUED EMPLOYEE BENEFITS

No amount has been reflected in the financial statements for accrued compensated absences as the amount cannot be reasonably estimated.

SAFE HARBOR, INC.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Fiscal Year Ended June 30, 1998

NOTE 7 - DONATED MATERIALS AND SERVICES

The value of donated materials and services included in the financial statements for the year ended June 30, 1998 is as follows:

Assets	
Office furniture	\$ 850
Donated facilities and services	
Donated professional services	2,500
Donated office facilities	<u>6,000</u>
Total	\$ 9,350 =====

NOTE 8 - FAIR VALUES OF FINANCIAL INSTRUMENTS

Required by Statement of Accounting Standards (SFAS) No. 107, *Disclosure about Fair Value of Financial Instruments*, disclosure of fair value information about certain financial instruments is required, whether or not recognized in the statement of financial position for which it is practicable to estimate that value. The following methods and assumptions were used in estimating fair values:

	<u>Carrying Amounts</u>	<u>Fair Value</u>
Cash and cash equivalents	\$7,017 =====	\$7,017 =====

NOTE 9 - FUNDRAISERS

There were two major fundraisers during fiscal year ended June 30, 1998. One was a swim event in which participating swimmers visited various individuals and businesses in the local community for the purpose of securing donations. Invitations were extended to sponsors, friends, members and other interested persons to attend the swim event and enjoy fun and fellowship. This fundraiser generated \$3,326 and there were virtually no expenses as the swimmers were volunteers and the facilities were donated for the day's event. Another event was a Tea Party. Invitations were extended to sponsors, friends, members and other interested persons to attend and enjoy gourmet food, live music, entertainment, fun and fellowship. This fundraiser generated \$21,275 and incurred expenses of \$1,806 for net proceeds of \$19,469.

SAFE HARBOR, INC.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Fiscal Year Ended June 30, 1998

NOTE 10 - RENT & RENTAL COMMITMENTS

Safe Harbor, Inc. leased its twenty-one bed shelter facility under a lease which expired on August 31, 1997. Rent was \$1,000 per month. Upon expiration of the lease agreement, the facility continued to be rented on a month to month basis at the rate of \$1,000 per month. During the year, Safe Harbor, Inc. entered into a one-year lease with the option to renew thereby establishing a West St. Tammany office in Covington. Rent for the Covington office is set at \$800 per month. Also during the year, Safe Harbor, Inc. moved from its donated office space on Old Spanish Trail to a rented building on First Street in Slidell. The building is rented on a month to month basis at the rate of \$650 per month.

NOTE 11 - YEAR 2000 ISSUE

Management of Safe Harbor, Inc. is aware of the Year 2000 issue and, in anticipation of the problem, has replaced all its computers with new computers containing Pentium processors and upgraded its software with programs propoing to be Year 2000 compatible. The new computer programs are currently processing data correctly and there is no impairment of the entity's ability to prepare its financial statements. Management is of the opinion it has done all it can to prepare for the problem and awaits to see what will transpire in the Year 2000 along with the rest of the world. If additional steps can be taken to protect its data as the Year 2000 approaches, management is willing to consider these as they become available.

SUPPLEMENTARY INFORMATION RELATED TO FEDERAL AWARDS

Required by *Government Auditing Standards* and
OMB Circular A-133, *Audits of States, Local Governments,
and Non-Profit Organizations*

DELPHINE A. CUPPAY

CERTIFIED PUBLIC ACCOUNT

P.O. Box 1363

Lacombe, LA 70445

(504) 882-5608

REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

December 10, 1998

Board of Directors
Safe Harbor, Inc.
Slidell, LA 70458

I have audited the financial statements of Safe Harbor, Inc. (a non-profit organization) as of and for the year ended June 30, 1998 and have issued my report thereon dated December 10, 1998. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

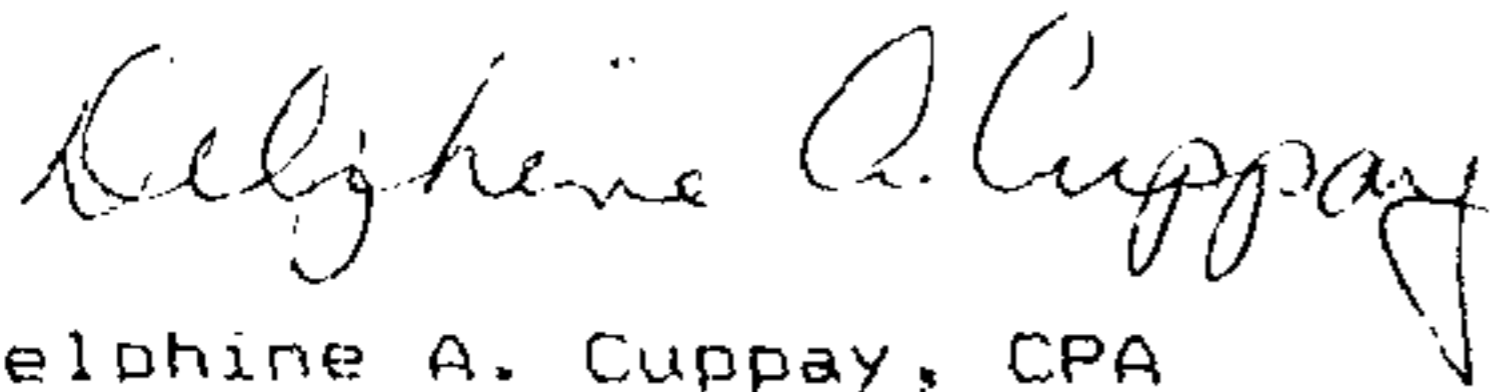
As part of obtaining reasonable assurance about whether Safe Harbor, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect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

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Safe Harbor, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which

the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the audit committee, management, grantors and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script that reads "Delphine A. Cuppay". The signature is written in dark ink and is positioned above the typed name.

Delphine A. Cuppay, CPA

DELPHINE A. CUPPAY

CERTIFIED PUBLIC ACCOUNT

P.O. Box 1363

Lacombe, LA 70445

(504) 882-6608

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

December 10, 1998

Board of Directors
Safe Harbor, Inc.
Slidell, LA 70458

Compliance

I have audited the compliance of Safe Harbor, Inc. (a non-profit organization) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1998. Safe Harbor, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Safe Harbor, Inc.'s management. My responsibility is to express an opinion on Safe Harbor, Inc.'s compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining on a test basis, evidence about Safe Harbor, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Safe Harbor, Inc.'s compliance with those requirements.

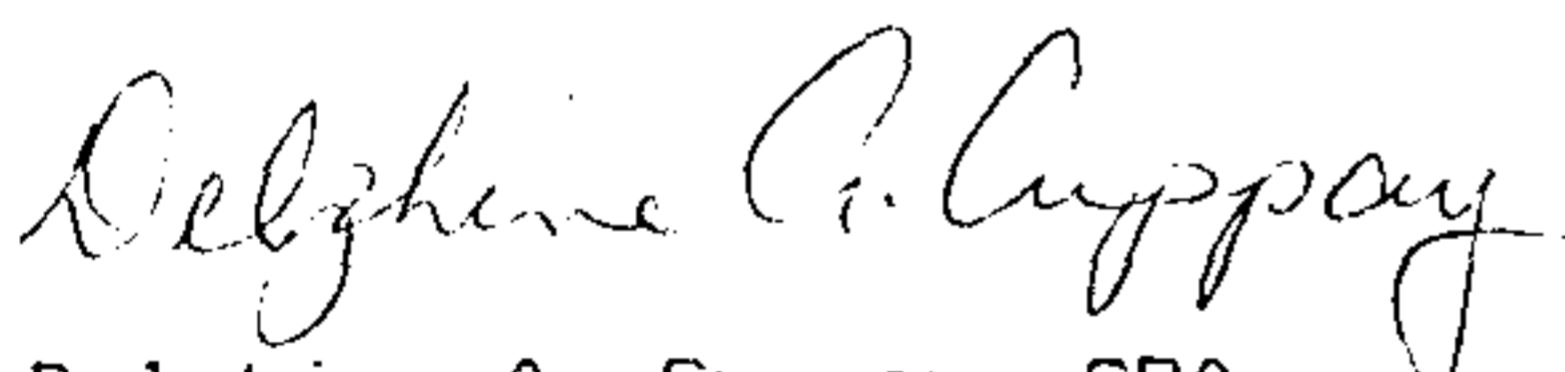
In my opinion, Safe Harbor, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1998.

Internal Control Over Compliance

The management of Safe Harbor, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Safe Harbor, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts and grant that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended for the information of the audit committee, management, grantors and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.


Delphine A. Cuppay, CPA

SAFE HARBOR, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 1998

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Program Revenue Received	Federal Revenue Received
Federal Family Violence Prevention and Services Act:			
Pass through grantor - State of Louisiana, Office of Women's Services	93.671	\$126,794	\$30,311
U.S. Department of Housing and Urban Development:			
Pass through grantor - State of Louisiana, Office of Community Services	14.231	17,534	17,534
U. S. Department of Justice, Office of Justice Programs' Grant, which grant was designated for the project, "A Safer St. Tammany - Against Domestic Violence"			
Pass through grantor - The Parish of St. Tammany, The St. Tammany Parish Sheriff's Office and The St. Tammany Parish District Attorney's Office and administered by The St. Tammany Parish Police Jury Domestic Violence Coordinating Council	16.588	12,620	12,620
TOTAL		\$156,948 =====	\$60,465 =====

SAFE HARBOR, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Fiscal Year Ended June 30, 1998

I have audited the financial statements of Safe Harbor, Inc. as of and for the year ended June 30, 1998 and have issued my report thereon dated December 10, 1998. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of OMB Circular A-133. My audit of the financial statements as of June 30, 1998 resulted in the following:

Part I - Summary of Auditor's Results

1. The independent accountant's report on the financial statements expressed an unqualified opinion.
2. No instance of noncompliance considered material to the financial statements was disclosed by the audit.
3. The independent accountant's report on compliance with requirements applicable to major federal award programs expressed an unqualified opinion.
4. The audit disclosed no findings required to be reported by OMB Circular A-133.
5. The Organization's major programs were:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Federal Family Violence Prevention and Services Act	93.671
U. S. Department of Housing and Urban Development	14.231
U. S. Department of Justice, Office of Justice Programs' Grant, designated as project "A Safer St. Tammany - Against Domestic Violence	16.588

6. A threshold of \$300,000 was used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133. No programs met the threshold, however contracts with the State of Louisiana require the audit be performed in accordance with OMB Circular A-133 procedures as the Organization is a sub-recipient of the State of Louisiana's major programs receiving federal awards.

SAFE HARBOR, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Fiscal Year Ended June 30, 1998

Part I - Summary of Auditor's Results (Continued)

7. The Organization did qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

Part II - Financial Statement of Findings Section

No matters are reportable.

Part III - Federal Award Findings and Questioned Cost Section

No matters are reportable.

