

SAFE HARBOR AND SUBSIDIARY

**Consolidated Financial Statements
with Supplemental Information**

June 30, 2023

(With Independent Auditors' Report Thereon)

SAFE HARBOR AND SUBSIDIARY

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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, 2023, 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, 2023, 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.

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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.

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 28, 2023 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 28, 2023

SAFE HARBOR AND SUBSIDIARY

Consolidated Statement of Financial Position

June 30, 2023

Assets

Current assets:

Cash and cash equivalents - unrestricted	\$	82,268
Cash and cash equivalents - restricted		125,950
Grants receivable		137,339
Prepaid expenses		<u>16,637</u>

Total current assets 362,194

Lease asset, net 340,965

Property and equipment, net 330,632

Other assets 3,825

Total assets \$ 1,037,616

Liabilities & Net Assets

Current liabilities:

Accounts payable	\$	224
Payroll liabilities		26,640
Lease liability		<u>35,368</u>

Total current liabilities 62,232

Non-current liabilities:

Lease liability		<u>330,040</u>
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Total non-current liabilities 330,040

Total liabilities 392,272

Net assets:

Without donor restrictions		519,395
With donor restrictions		<u>125,949</u>

Total net assets 645,344

Total liabilities & net assets \$ 1,037,616

See accompanying notes to consolidated financial statements.

SAFE HARBOR AND SUBSIDIARY**Consolidated Statement of Activities****For the Year Ended June 30, 2023**

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Revenue, gains and other support:			
Grants	\$ 610,399	-	610,399
United Way designations	12,573	-	12,573
In-kind donations	42,400	-	42,400
Contributions	189,483	-	189,483
Special events	122,388	-	122,388
Interest income	44	-	44
Net assets released from restrictions	<u>81,052</u>	<u>(81,052)</u>	<u>-</u>
Total revenue, gains and other support	<u>1,058,339</u>	<u>(81,052)</u>	<u>977,287</u>
Expenses:			
Program services	893,121	-	893,121
Supporting services:			
Management and general	<u>112,255</u>	<u>-</u>	<u>112,255</u>
		-	-
Total expenses	<u>1,005,376</u>	<u>-</u>	<u>1,005,376</u>
Change in net assets:	52,963	(81,052)	(28,089)
Net assets - beginning of year	485,544	207,001	692,545
Prior period adjustment	(19,112)	-	(19,112)
Net position, beginning of year, as restated	<u>466,432</u>	<u>207,001</u>	<u>673,433</u>
Net assets - end of year	<u>\$ 519,395</u>	<u>125,949</u>	<u>645,344</u>

See accompanying notes to consolidated financial statements.

SAFE HARBOR AND SUBSIDIARY

Consolidated Statement of Cash Flows

For the Year Ended June 30, 2023

Cash flows from operating activities:		
Change in net assets	\$	(28,089)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation		41,665
(Increases) decreases in assets:		
Grants receivable		(85,161)
Prepaid expenses		(15,229)
Increases (decreases) in liabilities:		
Accounts payable		(437)
Deferred revenue		(15,000)
Payroll liabilities		3,413
Net cash used by operating activities		<u>(98,838)</u>
Cash flows from financing activities:		
Change in lease liability		<u>(20,715)</u>
Net cash used by financing activities		<u>(20,715)</u>
Net decrease in cash and cash equivalents		(119,553)
Cash and cash equivalents, beginning of year		<u>327,771</u>
Cash and cash equivalents, end of year	\$	<u><u>208,218</u></u>
Supplemental disclosures of cash flow information:		
Cash and cash equivalents - unrestricted	\$	82,268
Cash and cash equivalents - restricted		<u>125,950</u>
	\$	<u><u>208,218</u></u>

See accompanying notes to consolidated financial statements.

SAFE HARBOR AND SUBSIDIARY**Consolidated Statement of Functional Expenses****For the Year Ended June 30, 2023**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and benefits	\$ 423,513	48,000	471,513
Payroll taxes	34,027	3,857	37,884
Total salaries and related expense:	457,540	51,857	509,397
Accounting and consulting	-	13,301	13,301
Community awareness & events	-	538	538
Client services	262,726	-	262,726
Depreciation	37,581	4,084	41,665
Dues and subscriptions	-	2,307	2,307
Food supplies	18,198	-	18,198
Insurance	14,139	3,384	17,523
Interest	-	21,285	21,285
Miscellaneous	143	-	143
Office supplies	5,611	5,613	11,224
Rent expense	5,691	501	6,192
Repairs and maintenance	48,602	5,033	53,635
Telephone	8,383	2,095	10,478
Utilities	34,508	2,256	36,764
Total functional expenses	\$ 893,121	112,255	1,005,376

See accompanying notes to consolidated financial statements.

SAFE HARBOR AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2023

(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).

SAFE HARBOR AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2023

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, 2023, the Organization did not have any unrelated business income. Management has evaluated its

SAFE HARBOR AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2023

tax positions and has determined that there are no uncertainties in income taxes that require adjustments to or disclosures in the financial statements. The 2020 through 2022 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 \$42,400 for the year ended June 30, 2023.

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

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 Organization's lease obligations. Management has adopted this pronouncement and it has had an impact on the Organization's consolidated financial statements. See note 5 for the implementation of ASU 2016-02 and see note 14 related to the prior period adjustment.

SAFE HARBOR AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2023

(2) Liquidity and Availability of Financial Assets

The following reflects the Safe Harbor's financial assets as of June 30, 2023 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	\$ 82,268
Grants receivable	<u>137,339</u>
Available without restrictions within one year	219,607
Financial assets available within one year, subject to donor or legal restrictions:	
Cash and cash equivalents - restricted	<u>125,950</u>
Total financial assets	<u>\$ 345,557</u>

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 12.)

(3) Grant Receivable

Grants receivable from various grantor agencies for services provided through June 30, 2023 was \$137,339. 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, 2023.

(4) Property and Equipment

As of June 30, 2023, property and equipment consisted of the following:

Land and buildings	\$ 425,763
Leasehold improvements	88,973
Furniture and fixtures	72,507
Vehicle	<u>14,120</u>
	601,363
Less: Accumulated depreciation	<u>(270,731)</u>
Property and equipment, net	<u>\$ 330,632</u>

Depreciation expense for the year ended June 30, 2023 was \$41,665.

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Notes to Consolidated Financial Statements

June 30, 2023

(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 \$3,500 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.

In July 2020, the Organization entered into a 15-year lease as a lessee for the use of Margie’s House. An initial lease liability was recorded in the amount of \$386,123 during the current fiscal year. As of June 30, 2023, the value of this lease liability is \$365,408. The Organization is required to make monthly principal and interest payments of \$3,500. The lease has an interest rate of 5.65%. The value of the right-to-use asset as of the end of the current fiscal year is \$340,965 which includes accumulated amortization of \$26,046.

The future principal and interest payments on the lease as of June 30, 2023, were as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 42,000
2025	42,000
2026	42,000
2027	42,000
2028	42,000
Thereafter	<u>294,000</u>
	<u>\$ 504,000</u>

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, 2023, lease expense for this operating lease was \$4,800.

SAFE HARBOR AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2023

(6) Net Assets With Restrictions

Grants

As of June 30, 2023, the Organization has net assets with restrictions associated with grants for family violence program amounting to \$125,949.

(7) Net Assets Released from Restrictions

At the beginning of the year the Organization had \$207,001 of net assets with restrictions. During 2023, the Organization did not receive additional net assets with restrictions (grants). Restrictions were met for \$81,052 of these funds during the year.

(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, 2023, the Organization received 29% of its support and revenues from the DCFS. Grants receivable included \$97,229 from the DCFS for the year ended June 30, 2023.

(9) Grants from Governmental Agencies

Grants from governmental agencies include the following for the year ended June 30, 2023:

Total funds in the amount of \$286,993 were awarded under a contract with the State of Louisiana, DCFS for the year ended June 30, 2023. 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 \$46,351 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, 2023. 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 \$155,727 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 \$9,799 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 \$25,000 were received under a contract with United Way of Southeast Louisiana. The grant was used to provide services to domestic violence survivors.

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Notes to Consolidated Financial Statements

June 30, 2023

Funds in the amount of \$57,045 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, 2023, 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 \$13,484 were received during the year under this program.

(10) In-Kind Donations

Goods & Household Items

For the year ended June 30, 2023, in-kind contributions consisted various good and household items valued at \$40,000. 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, 2023, the Organization recorded \$2,400 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, 2023 donated hours amounted to 324 with an estimated value of \$11,952.

(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

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Notes to Consolidated Financial Statements

June 30, 2023

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 \$8,010 of accrued unpaid leave as of June 30, 2023, 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 5). This unsecured line of credit, due on demand, allows the Organization to borrow up to \$100,000 with an interest rate of 5.65% per annum. As of June 30, 2023, the Organization had no draws on this line of credit leaving an unused amount of \$100,000.

(13) Related Party Transactions

During the year ended June 30, 2023, Board members contributed approximately \$110 to the Organization.

(14) Change in Accounting Principle

Net assets as of July 1, 2022 has been restated as follows for implantation of ASU 2016-02, Leases (Topic 842), as amended.

	<u>Net Assets</u>
Net position as previously reported at June 30, 2022	\$ 692,545
Prior period adjustment - implementation of ASU 2016-02	
Change in lease asset, net	367,011
Change in lease liability	<u>(386,123)</u>
Total prior period adjustment	<u>(19,112)</u>
Net position as restated, July 1, 2022	<u>\$ 673,433</u>

(15) Evaluation of Subsequent Events

The Organization has evaluated subsequent events through December 28, 2023, 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, 2023

Agency Head: Kim Kirby

Salary	\$	75,600
Bonuses		400
Benefits - insurance (health and dental)		1,800
Benefits - cell phone		1,200
Travel		2,718
		<hr/>
Total compensation, benefits, and other payments	\$	<u><u>81,718</u></u>



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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, 2023, 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 28, 2023.

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

December 28, 2023

SAFE HARBOR AND SUBSIDIARY

Schedule of Findings

Year Ended June 30, 2023

Section I – Summary of Auditors’ Results

Financial Statements:

- a. Type of auditors’ report issued - Unmodified**
- 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, 2023

Not applicable.

SAFE HARBOR AND SUBSIDIARY

Agreed-Upon Procedures

For the Year Ending June 30, 2023

SAFE HARBOR AND SUBSIDIARY

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Stephen M. Griffin, CPA
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American Society of Certified Public Accountants
Society of Louisiana CPAs

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below as they are a required part of the engagement. We are required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "not applicable."

Management of Safe Harbor and Subsidiary, is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the Board and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the Organization's compliance with certain laws and regulations during the period of July 1, 2022 to June 30, 2023.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Written Policies and Procedures

1. Obtain and inspect the Organization's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the Organization's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.

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- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- h) **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the Organization's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Finding: *Procedures performed with the following exceptions:*

1. *Contracting: While the Organization's policy document does include a section on contracting, the contracting policy does not include standard terms and conditions, legal review, approval process, and monitoring process.*

Board or Finance Committee

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

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

Finding: *Procedure performed without exception.*

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the Organization's collections during the fiscal period.*

Finding: *Procedure performed without exception.*

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Finding: *Not applicable.*

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Finding: *Not applicable.*

Bank Reconciliations

- A. Obtain a listing of Organization bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the Organization's main operating account. Select the Organization's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

Finding: *There was no evidence that reconciliations were prepared within 2 months of the statement closing date.*

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Finding: *There was no written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged).*

- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Finding: Procedure performed without exception.

Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Finding: Procedure performed without exception. There is only one deposit site.

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
- i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

Finding: Procedure performed without exception.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

Finding: Procedure performed without exception.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection

location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

- v. Trace the actual deposit per the bank statement to the general ledger.

Finding: Procedures performed without exception.

Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Finding: Procedure performed without exception. There is only one location.

- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
- b) At least two employees are involved in processing and approving payments to vendors;
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
- e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

Finding: Procedure performed without exception.

- C. For each location selected under procedure #5A above, obtain the Organization's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the Organization, and
- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

Finding: Procedure performed without exception.

- D. Using the Organization’s main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the Organization’s policy, and (b) approved by the required number of authorized signers per the Organization’s policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Finding: Procedure performed without exception.

Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management’s representation that the listing is complete.

Finding: Procedure performed without exception.

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

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

Finding: For one statement reviewed, there was no evidence that the statement and supporting documentation was reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Finding: Procedure performed without exception.

- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Finding: Procedure performed without exception.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Finding: Procedure performed without exception.

Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
Finding: Not applicable. The Organization had no contracts that were initiated or renewed during the fiscal period.
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
Finding: Not applicable. The Organization had no contracts that were initiated or renewed during the fiscal period.
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

Finding: Not applicable. The Organization had no contracts that were initiated or renewed during the fiscal period.

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Finding: *Not applicable. The Organization had no contracts that were initiated or renewed during the fiscal period.*

Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Finding: *Procedure performed without exception.*

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the Organization's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

Finding: *Procedures performed without exception.*

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the Organization's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to Organization policy.

Finding: *Not applicable. No employees or officials were terminated nor received termination payments.*

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Finding: *Procedure performed without exception.*

Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and

- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

Finding: Not applicable. The ethics statutes do not apply to the Organization.

- ii. Observe whether the Organization maintains documentation which demonstrates that each employee and official were notified of any changes to the Organization's ethics policy during the fiscal period, as applicable.

Finding: Not applicable. The ethics statutes do not apply to the Organization.

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Finding: Not applicable. The ethics statutes do not apply to the Organization.

Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Finding: Not applicable.

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Finding: Not applicable.

Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the Organization reported the misappropriation(s) to the legislative auditor and the Organization attorney of the parish in which the Organization is domiciled as required by R.S. 24:523.

Finding: Not applicable. The Organization did not have any misappropriations of public funds and assets during the fiscal period.

- B. Observe that the Organization has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Finding: Procedure performed without exceptions.

Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- i. Obtain and inspect the Organization's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
- ii. Obtain and inspect the Organization's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- iii. Obtain a listing of the Organization's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Finding: We performed the procedures and discussed the results with management.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Finding: We performed the procedure and discussed the results with management.

Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Finding: Not applicable. The sexual harassment statutes do not apply to the Organization.

- B. Observe that the Organization has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the Organization's premises if the Organization does not have a website).

Finding: Not applicable. The sexual harassment statutes do not apply to the Organization.

- C. Obtain the Organization's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements;
- ii. Number of sexual harassment complaints received by the agency;
- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

- v. Amount of time it took to resolve each complaint.

Finding: *Not applicable. The sexual harassment statutes do not apply to the Organization.*

We were engaged by Safe Harbor and Subsidiary to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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 related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Griffin & Furman, LLC

Covington, Louisiana

December 28, 2023

SAFE HARBOR AND SUBSIDIARY

Schedule of Findings

For the Year Ended June 30, 2023

2023-1 – Written Policies and Procedures- Contracting

Procedure: Obtain and inspect the Organization’s contracting policies and procedures and observe whether they address (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Finding: While the Organization’s policy document does include a section on contracting, the contracting policy does not include standard terms and conditions, legal review, approval process, and monitoring process.

Recommendation: We recommend the Organization revise their policy to address standard terms, legal review, approval process, and monitoring process.

2023-2 – Bank Reconciliations

Procedure: Obtain a listing of entity bank accounts for the fiscal period from management and management’s representation that the listing is complete. Ask management to identify the entity’s main operating account. Select the entity’s main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged).

Finding: There was no evidence that reconciliations were prepared within 2 months of the statement closing date and there was no written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged).

Recommendation: We recommend that all reconciliations are prepared within 2 months of the closing date and that all reconciliations are reviewed by a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged).

2023-3 – Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

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

- iii. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases,

SAFE HARBOR AND SUBSIDIARY

Schedule of Findings

For the Year Ended June 30, 2023

exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

- iv. Observe that finance charges and late fees were not assessed on the selected statements.

Finding: For one statement reviewed, there was no evidence that the statement and supporting documentation was reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder.

Recommendation: We recommend that all statements have written approval (or electronic approval) by someone other than the authorized card holder.

December 28, 2023

Griffin & Furman, LLC
205 E. Lockwood St.
Covington, Louisiana 70433

Re: FY 2023 Agreed Upon Procedures Schedule of Findings

Dear Mr. Furman,

In response to the above referenced Schedule of Findings, the Safe Harbor and Subsidiary acknowledges the finding and agrees to take the following corrective actions.

2023-1 – Written Policies and Procedures- Contracting

Procedure: Obtain and inspect the Organization’s contracting policies and procedures and observe whether they address (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Finding: While the Organization’s policy document does include a section on contracting, the contracting policy does not include standard terms and conditions, legal review, approval process, and monitoring process.

Recommendation: We recommend the Organization revise their policy to address standard terms, legal review, approval process, and monitoring process.

Safe Harbor and Subsidiary corrective action: *The Executive Director and Board of Directors will revise the policy to address standard terms, legal review, approval process, and monitoring process.*

2023-2 – Bank Reconciliations

Procedure: Obtain a listing of entity bank accounts for the fiscal period from management and management’s representation that the listing is complete. Ask management to identify the entity’s main operating account. Select the entity’s main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged).

Finding: There was no evidence that reconciliations were prepared within 2 months of the statement closing date and there was no written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged).

Recommendation: We recommend that all reconciliations are prepared within 2 months of the closing date and that all reconciliations are reviewed by a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged).

Safe Harbor and Subsidiary corrective action: *Appoint a Safe Harbor Board Member who does not handle cash, post ledgers, or issue checks to review and document each bank reconciliation with initials and date.*

2023-3 – Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

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

- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
- ii. Observe that finance charges and late fees were not assessed on the selected statements.

Finding: For one statement reviewed, there was no evidence that the statement and supporting documentation was reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder.

Recommendation: We recommend that all statements have written approval (or electronic approval) by someone other than the authorized card holder.

Safe Harbor and Subsidiary corrective action: *The Safe Harbor Board President or designee will provide written approval on all card statements.*

Sincerely,



Kim Kirby
Executive Director