

SAFE HARBOR CHILDREN'S CENTER, INC.

FINANCIAL STATEMENTS AND AUDITOR'S REPORTS

FOR THE YEARS ENDED

JUNE 30, 2018 AND 2017

**Arline & Wiggins, CPAs, LLC
1606 Reynolds Street
Brunswick, GA 31520**

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Joel K. Arline, CPA + Jennifer S. Wiggins, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Safe Harbor Children's Center, Inc.
Brunswick, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of Safe Harbor Children's Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Safe Harbor Children's Center, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2018, on our consideration of Safe Harbor Children's Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Safe Harbor Children's Center, Inc.'s internal control over financial reporting and compliance.

Arline + Wiggins, CPAs, LLC

Arline & Wiggins, CPAs, LLC

November 12, 2018
Brunswick, Georgia

SAFE HARBOR CHILDREN'S CENTER, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2018 and 2017

	ASSETS		
		2018	2017
CURRENT ASSETS			
Cash and cash equivalents		\$ 173,886	\$ 161,253
Pledges receivable		368,450	792,672
Grants and contracts receivable		233,384	174,140
Construction in progress		-	32,949
Inventory		3,413	2,505
Due from employees		215	-
Prepaid expenses		12,315	11,380
Total Current Assets		<u>791,663</u>	<u>1,174,899</u>
FIXED ASSETS			
Land		339,540	339,540
Building		4,569,510	4,062,644
Equipment and software		352,150	265,428
Furniture and fixtures		242,006	264,826
Building improvements		349,048	349,048
Vehicles		126,713	124,713
		<u>5,978,967</u>	<u>5,406,199</u>
Less accumulated depreciation		(778,442)	(572,946)
Total Fixed Assets		<u>5,200,525</u>	<u>4,833,253</u>
OTHER ASSETS			
Closing costs, net of \$4,616 of amortization		6,996	9,318
Refundable deposits		5,260	5,055
Total Other Assets		<u>12,256</u>	<u>14,373</u>
TOTAL ASSETS		<u>\$ 6,004,444</u>	<u>\$ 6,022,525</u>

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

SAFE HARBOR CHILDREN'S CENTER, INC.

STATEMENTS OF FINANCIAL POSITION - Continued

June 30, 2018 and 2017

	2018	2017
CURRENT LIABILITIES:		
Accounts payable	\$ 95,747	\$ 34,849
Accrued expenses	34,659	21,021
Current maturities of long-term debt	1,613	3,428
Total current liabilities	<u>132,019</u>	<u>59,298</u>
Long-term debt, net of current maturities	<u>44,459</u>	<u>44,213</u>
Total liabilities	176,478	103,511
NET ASSETS:		
Temporarily restricted	241,341	734,140
Unrestricted	<u>5,586,625</u>	<u>5,184,874</u>
Total net assets	<u>5,827,966</u>	<u>5,919,014</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 6,004,444</u></u>	<u><u>\$ 6,022,525</u></u>

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

SAFE HARBOR CHILDREN'S CENTER, INC.

STATEMENTS OF ACTIVITIES

For the years ended June 30, 2018 and 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2018</u>	<u>Total 2017</u>
REVENUES AND OTHER SUPPORT					
Contributions	\$ 782,276	\$ 108,309	\$ -	\$ 890,585	\$ 1,830,236
Program income	-	969,935	-	969,935	744,569
Government grants	-	1,268,483	-	1,268,483	784,092
Special events, net	-	-	-	-	(1,631)
Interest and dividends	-	-	-	-	1,410
Investment income, net	-	-	-	-	1,754
Other income	332	-	-	332	-
Loss on disposal of fixed assets	(8,490)	-	-	(8,490)	(2,627)
Total revenues and other support	<u>774,118</u>	<u>2,346,727</u>	<u>-</u>	<u>3,120,845</u>	<u>3,357,803</u>
Net assets released by satisfaction of donor-imposed restrictions	<u>2,839,526</u>	<u>(2,839,526)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other support, and net assets released from donor-imposed restrictions	<u>3,613,644</u>	<u>(492,799)</u>	<u>-</u>	<u>3,120,845</u>	<u>3,357,803</u>
EXPENSES					
Program services	2,956,361	-	-	2,956,361	1,918,933
Supporting services					
General and administrative	222,794	-	-	222,794	142,302
Fund-raising	32,738	-	-	32,738	20,045
Total support services	<u>255,532</u>	<u>-</u>	<u>-</u>	<u>255,532</u>	<u>162,347</u>
Total expenses	<u>3,211,893</u>	<u>-</u>	<u>-</u>	<u>3,211,893</u>	<u>2,081,280</u>
Change in Net Assets	401,751	(492,799)	-	(91,048)	1,276,523
Net assets, beginning of year	<u>5,184,874</u>	<u>734,140</u>	<u>-</u>	<u>5,919,014</u>	<u>4,642,491</u>
Net assets, end of year	<u>\$ 5,586,625</u>	<u>\$ 241,341</u>	<u>\$ -</u>	<u>\$ 5,827,966</u>	<u>\$ 5,919,014</u>

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

SAFE HARBOR CHILDREN'S CENTER, INC.

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (91,048)	\$ 1,276,523
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	222,269	71,058
Realized loss on sale of investments	-	1,620
Loss on disposal of fixed assets	8,490	2,627
Non-cash contribution of fixed assets	(12,100)	(42,402)
Non-cash contribution of securities	-	(422,842)
Decrease in pledges receivable	424,222	564,194
Decrease in construction in progress	32,949	427,868
(Increase) in grants and other receivables	(59,459)	(29,221)
(Increase) in inventory	(908)	(2,505)
(Increase) in prepaid expenses	(935)	(2,594)
(Increase) in refundable deposits	(205)	(4,905)
Increase (decrease) in accounts payable	60,898	(182,170)
Increase in accrued expenses	13,638	7,557
Net cash provided by operating activities	597,811	1,664,808
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(583,609)	(4,265,301)
Sale of securities	-	421,222
Net cash used in investing activities	(583,609)	(3,844,079)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of loan fees	-	(7,811)
Proceeds from loans	200,000	48,243
Principal payments on loans	(201,569)	(48,556)
Net cash used in financing activities	(1,569)	(8,124)
NET INCREASE (DECREASE) IN		
CASH AND CASH EQUIVALENTS	12,633	(2,187,395)
CASH AND CASH EQUIVALENTS, beginning of year	161,253	2,348,648
CASH AND CASH EQUIVALENTS, end of year	\$ 173,886	\$ 161,253
SUPPLEMENTAL DATA:		
Interest paid	\$ 7,636	\$ 2,557

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

SAFE HARBOR CHILDREN'S CENTER, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the year ended June 30, 2018

	PROGRAM SERVICES						
	Children's Center	Runaway & Homeless	Family Preservation	Street Outreach	Transitional Living	Child Advocacy Center	Sexual Assault Center
Salaries	\$ 785,449	\$ 275,818	\$ 79,807	\$ 114,040	\$ 39,080	\$ 313,288	\$ 210,111
Payroll taxes	62,558	20,861	6,281	7,476	206	24,771	16,654
Employee benefits	51,205	8,333	1,674	4,138	946	6,182	4,400
Total personnel	899,212	305,012	87,762	125,654	40,232	344,241	231,165
Advertising & marketing	1,181	115	46	69	23	1,399	115
Conferences & meetings	157	-	262	2,865	85	5,665	151
Contract labor	14,689	-	20,340	40,593	12,582	21,248	3,905
Dues & subscriptions	2,474	4,050	-	300	-	5,243	270
Insurance	19,728	7,724	1,973	2,959	2,745	4,932	4,932
Interest	-	-	-	-	-	-	-
Meals & entertainment	509	1,155	33	1,650	-	1,591	205
Office expense	10,220	8,125	1,170	1,765	1,286	13,212	407
Printing & reproduction	341	621	-	-	82	571	-
Postage	10	-	49	-	-	108	-
Professional fees	10,977	749	227	11,751	114	1,168	1,168
Rent	-	-	11,700	14,220	-	47,480	-
Repairs & maintenance	14,959	2,104	-	632	6,273	1,759	-
Resident expenses	201,406	14,074	-	686	559	1,323	-
Supplies	9,701	2,068	46	228	511	5,592	-
Taxes & licenses	-	-	-	-	-	109	-
Transportation	11,630	1,257	1,311	2,662	238	56	-
Travel & training	5,716	4,627	2,914	1,371	1,634	4,978	4,792
Utilities	36,203	9,884	4,279	5,225	3,446	17,544	2,723
Total expenses							
before depreciation	1,239,113	361,565	132,112	212,630	69,810	478,219	249,833
Depreciation	181,262	9,474	3	753	11,393	10,073	121
Total Expenses	<u>\$ 1,420,375</u>	<u>\$ 371,039</u>	<u>\$ 132,115</u>	<u>\$ 213,383</u>	<u>\$ 81,203</u>	<u>\$ 488,292</u>	<u>\$ 249,954</u>

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

SAFE HARBOR CHILDREN'S CENTER, INC.

STATEMENTS OF FUNCTIONAL EXPENSES - Continued

For the year ended June 30, 2018

	SUPPORTING SERVICES			
	Total Program	General & Administrative	Fund- Raising	Total 2018
Salaries	\$ 1,817,593	\$ 40,442	\$ 10,544	\$ 1,868,579
Payroll taxes	138,807	3,248	823	142,878
Employee benefits	76,878	15,287	785	92,950
Total personnel	2,033,278	58,977	12,152	2,104,407
Advertising & marketing	2,948	1,245	6,746	10,939
Conferences & meetings	9,185	13,735	-	22,920
Contract labor	113,357	-	-	113,357
Dues & subscriptions	12,337	6,424	-	18,761
Insurance	44,993	53,267	4,932	103,192
Interest	-	7,861	-	7,861
Meals & entertainment	5,143	799	-	5,942
Office expense	36,185	14,852	1,257	52,294
Printing & reproduction	1,615	751	5,216	7,582
Postage	167	1,866	-	2,033
Professional fees	26,154	38,123	718	64,995
Rent	73,400	2	-	73,402
Repairs & maintenance	25,727	3,349	-	29,076
Resident expenses	218,048	-	-	218,048
Supplies	18,146	-	-	18,146
Taxes & licenses	109	-	-	109
Transportation	17,154	17	-	17,171
Travel & training	26,032	1,004	1,717	28,753
Utilities	79,304	11,332	-	90,636
Total expenses before depreciation	2,743,282	213,604	32,738	2,989,624
Depreciation	213,079	9,190	-	222,269
Total Expenses	<u>\$ 2,956,361</u>	<u>\$ 222,794</u>	<u>\$ 32,738</u>	<u>\$ 3,211,893</u>

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

SAFE HARBOR CHILDREN'S CENTER, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the year ended June 30, 2017

	PROGRAM SERVICES						
	Children's Center	Runaway & Homeless	Family Preservation	Street Outreach	Transitional Living	Advocacy Center	Sexual Assault Center
Salaries	\$ 777,966	\$ -	\$ 74,199	\$ 84,140	\$ 481	\$ 250,737	\$ -
Payroll taxes	61,012	-	5,809	6,546	38	19,892	-
Employee benefits	16,628	-	3,778	1,867	365	4,299	-
Total personnel	855,606	-	83,786	92,553	884	274,928	-
Advertising & marketing	2,039	-	1,139	2,992	34	1,247	-
Conferences & meetings	-	-	-	-	-	-	-
Contract labor	3,797	-	36,636	19,595	-	15,227	-
Dues & subscriptions	5,717	-	-	-	105	489	-
Insurance	12,895	-	5,686	2,873	569	5,686	-
Interest	2,817	-	-	-	-	-	-
Meals & entertainment	587	-	235	1,397	-	958	-
Office expense	12,696	-	481	1,891	-	12,952	-
Printing & reproduction	628	-	180	-	-	76	-
Postage	518	-	33	74	-	81	-
Professional fees	3,464	-	19,090	655	131	4,701	-
Rent	-	-	11,700	14,220	-	25,880	-
Repairs & maintenance	22,053	-	-	763	-	7,061	-
Resident expenses	169,052	-	-	11,036	-	249	-
Supplies	7,043	-	-	815	-	4,911	-
Taxes & licenses	7,432	-	-	180	-	167	-
Transportation	7,407	-	2,094	921	-	2,337	-
Travel & training	7,571	-	1,141	736	-	4,081	-
Utilities	26,924	-	1,533	5,706	-	16,734	-
Total expenses							
before depreciation	1,148,246	-	163,734	156,407	1,723	377,765	-
Depreciation	64,241	-	-	-	-	6,817	-
Total Expenses	\$ 1,212,487	\$ -	\$ 163,734	\$ 156,407	\$ 1,723	\$ 384,582	\$ -

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

SAFE HARBOR CHILDREN'S CENTER, INC.

STATEMENTS OF FUNCTIONAL EXPENSES - Continued

For the year ended June 30, 2017

	SUPPORTING SERVICES			
	Total Program	General & Administrative	Fund- Raising	Total 2017
Salaries	\$ 1,187,523	\$ 45,235	\$ 4,451	\$ 1,237,209
Payroll taxes	93,297	3,551	189	97,037
Employee benefits	26,937	28,330	1,822	57,089
Total personnel	1,307,757	77,116	6,462	1,391,335
Advertising & marketing	7,451	2,281	5,580	15,312
Conferences & meetings	-	309	-	309
Contract labor	75,255	-	-	75,255
Dues & subscriptions	6,311	2,332	-	8,643
Insurance	27,709	30,708	2,843	61,260
Interest	2,817	12	-	2,829
Meals & entertainment	3,177	1,720	173	5,070
Office expense	28,020	6,833	256	35,109
Printing & reproduction	884	868	-	1,752
Postage	706	1,338	-	2,044
Professional fees	28,041	9,157	655	37,853
Rent	51,800	-	-	51,800
Repairs & maintenance	29,877	1,476	-	31,353
Resident expenses	180,337	-	-	180,337
Supplies	12,769	1,028	4,076	17,873
Taxes & licenses	7,779	-	-	7,779
Transportation	12,759	719	-	13,478
Travel & training	13,529	43	-	13,572
Utilities	50,897	6,362	-	57,259
Total expenses				
before depreciation	1,847,875	142,302	20,045	2,010,222
Depreciation	71,058	-	-	71,058
Total Expenses	\$ 1,918,933	\$ 142,302	\$ 20,045	\$ 2,081,280

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

SAFE HARBOR CHILDREN’S CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

For the years ended June 30, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Founded in 1991, Safe Harbor Children's Center, Inc. (The Center) is a state licensed emergency shelter facility for 24 children located in Brunswick, Georgia. The Center's mission is to provide shelter and therapeutic services to children any age under 18 who have been abused, abandoned or neglected; who are homeless or have run away from home; or who are otherwise at risk or feel threatened. During the spring of 2017, construction was completed on the new 22,000 square foot campus which features separate, two-story wings for 12 boys and 12 girls, with a dedicated living room for each wing. Each child shares a room with their own closet connected by a shared bathroom. The children share dining and kitchen space, a tutoring area and computer room, all located on the first floor. A playground, picnic area, and community garden provide outdoor attraction for the children. The adjacent administrative building houses an art studio for the children as well as office for the staff.

Zach’s Place: Runaway & Homeless Youth Shelter (RHY) is an emergency shelter that provides for the immediate needs of runaway and homeless youth in Glynn County, Georgia. Through RHY, children receive the encouragement, resources, and skills they need to make healthy choices regarding how they live, and ultimately secure the safe, stable, and supportive living arrangements they need to fulfill their potential and successfully contribute to society. The shelter, formerly used as the Center’s main facility until the new building was completed, is a two-story home that includes eight beds (4 boys, 4 girls), two and a half baths, a large living room, study, dining room, kitchen, laundry area, family visitation area and activity center, as well as administrative offices for the staff.

The Safe Harbor Family Preservation program helps families alleviate crisis and maintain the safety of children in their own homes. The program includes in-home counseling, parent support and education, individual counseling, transportation, and childcare.

Street Beat is a street outreach program for reaching out to teens living on the streets. The program provides nutrition and hygiene kits, sexual exploitation literature, and provides support for those youth who want to come off the streets. The mission is to increase young people’s safety, well-being and self-sufficiency and to help them build permanent connections with caring adults with the goal of getting off the streets.

The STRIVE Transitional Living Program fills a void in services for a very large portion of southeast Georgia: young homeless girls, ages 16 to 22. The group home has six beds, and supportive services with the goal of getting these girls off the streets. By helping them build permanent connections with caring adults, the hope is that these girls will become productive members of society. Transitional Living assists female clients for 18 months, to develop skills leading to self-sufficiency and independence, while providing a safe living environment.

SAFE HARBOR CHILDREN'S CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

For the years ended June 30, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Nature of Activities – Continued

Project Safe Place, an outreach of the Center, is designed to reach youth in the early stage of crisis. The program works by creating a network of "Safe Places", business and public locations that display the Safe Place logo on their premises. Any youth in trouble knows that he or she can enter a location bearing the sign and request help. An employee will provide the youth with a secure place to wait while the Center is contacted. The Center then dispatches a trained volunteer to the Safe Place site to offer assistance and provide transportation to the Center facility, if necessary. Any expenses associated with the Safe Place program are included with the Runaway & Homeless Youth expenses in the financial statements.

The Children's Advocacy Center serves victims of child abuse throughout the Brunswick Judicial Circuit, which includes the counties of Appling, Camden, Glynn, Jeff Davis, and Wayne. The Advocacy Center provides rehabilitative care to more than 300 child victims of sexual and/or severe physical abuse every year. Services through the Advocacy Center include forensic interviews, counseling, multidisciplinary review, victim's advocacy and crime victim's compensation program.

The Connie Smith Rape Crisis Center (CSRCC) provides services that are used in an effort to stabilize the lives of the victims and their families. They support their physical and emotional healing, and help them to return to healthy individual and family functioning, while assisting them through the judicial process. The CSRCC is one of the only 31 rape crisis centers in Georgia and one of few that are considered a full-service center, providing a nurse specializing in sexual assault exams, counselors who offer individual and group therapy and other services.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Center considers all highly liquid investments available for current use with an initial maturity of twelve months or less to be cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

SAFE HARBOR CHILDREN'S CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

For the years ended June 30, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Safe Harbor Children's Center, Inc. is a non-profit Georgia corporation exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. Therefore, no provision or liability for income tax is reflected in the accompanying financial statements.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending upon the nature of the restriction. When a 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.

Donated Services

For the year ended June 30, 2018, the Center received \$12,100 in donated construction services and are recorded in the financial statements. No amounts have been reflected in the financial statements for donated services for the year ended June 30, 2017. In addition, the Center receives a significant amount of donated services from unpaid volunteers who serve as mentors, chaperones, tutors and such. These volunteer hours do not meet the criteria for recognition as contributed services.

SAFE HARBOR CHILDREN’S CENTER, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

For the years ended June 30, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Property and Equipment

The Center capitalizes property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Major repairs and improvements are capitalized and depreciated. Donated property and equipment are recorded as contributions at the estimated fair market value on the date received. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from three to thirty years.

NOTE 2 – GRANTS AND CONTRACTS RECEIVABLE

As of June 30, Grants and Contracts receivable were as follows:

	<u>2018</u>	<u>2017</u>
Georgia Department of Community Affairs	\$ 3,613	\$ 7,442
Family Connection	-	11,563
State of Georgia	9,422	4,112
Promoting Safe and Stable Families	8,235	15,644
Golden Isles Children’s Advocacy Center	6,493	6,384
Victims of Crime Act Assistance Grant	117,846	53,956
City of Brunswick, Georgia	1,598	5,845
Glynn County DFACS	<u>86,177</u>	<u>69,194</u>
	<u>\$ 233,384</u>	<u>\$ 174,140</u>

NOTE 3 – INVESTMENTS

The Center received no donated securities during the year ended June 30, 2018. For the year ended June 30, 2017, all of the Center’s investments were sold, resulting in realized losses totaling \$1,620 and \$3,763 of interest income was earned. The net investment income is included in the Statement of Activities.

SAFE HARBOR CHILDREN'S CENTER, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

For the years ended June 30, 2018 and 2017

NOTE 4 – NOTES PAYABLE

Following is the detail of the Center's note payable as of June 30, 2018:

Coastal Bank of Georgia, 60 months, 4.57% interest, \$306.89 monthly payment with a balloon payment	\$ 46,072
Less current portion	<u>(1,613)</u>
Long-term portion as of June 30, 2018	<u>\$ 44,459</u>

The Transitional Living home, formerly known as the Hamer House, located at 2016 Atlanta Avenue, Brunswick, Georgia is collateral for the above note. This mortgage was re-financed with Coastal Bank of Georgia in January, 2017. Interest paid on the note totaled \$2,141 and \$2,557 for the years ended June 30, 2018 and 2017, respectively.

The Center also has a line of credit with the Coastal Bank of Georgia, to be used for operating purposes as needed. As of June 30, 2018 and 2017, there was no outstanding balance on the line.

NOTE 5 – COMPENSATED ABSENCES

The Center has not accrued a liability for compensated absences because the amount cannot be reasonably estimated. The Center's policy is to recognize these costs when actually paid.

NOTE 6 – CONCENTRATIONS OF CREDIT RISK

The Center maintains its cash deposits in several financial institutions located in Glynn County, Georgia. The checking accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Certificates of deposit are also insured by the FDIC up to \$250,000 per financial institution. The Center has no uninsured cash balances as of June 30, 2018 and June 30, 2017.

SAFE HARBOR CHILDREN’S CENTER, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

For the years ended June 30, 2018 and 2017

NOTE 7 – RESTRICTIONS ON NET ASSETS

In early 2015, the Center began a Capital Campaign to solicit contributions for the purchase of land and for the construction of a new shelter to provide housing for children and as administrative offices. Construction on the new facility was completed during the year ended June 30, 2017.

Temporarily restricted net assets are available for the following as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Capital Campaign	\$ 205,005	\$ 711,894
Program specific salaries	-	9,000
Adventure-based counseling	11,612	7,491
Donation Center	19,000	-
Literary Guild	1,662	-
Academic tutoring	4,062	-
Various minor donor restricted contributions for resident expenses	-	5,755
	<u>\$ 241,341</u>	<u>\$ 734,140</u>

NOTE 8 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 12, 2018, which is the date the financial statements were available to be issued.



Joel K. Arline, CPA + Jennifer S. Wiggins, CPA

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

Board of Directors
Safe Harbor Children's Shelter, Inc.
Brunswick, Georgia

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 financial statements of Safe Harbor Children's Shelter, Inc., which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statement of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 12, 2018.

Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered Safe Harbor Children's Shelter, Inc.'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 Children's Shelter, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Safe Harbor Children's Shelter, Inc.'s financial statements are free of 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* and considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Arline + Wiggins, CPAs, LLC

Arline & Wiggins, CPAs, LLC

November 12, 2018
Brunswick, Georgia



Joel K. Arline, CPA + Jennifer S. Wiggins, CPA

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Safe Harbor Children's Shelter, Inc.
Brunswick, Georgia

Report of Compliance for Each Major Federal Program

We have audited Safe Harbor Children's Shelter, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Safe Harbor Children's Shelter, Inc.'s major federal programs for the years ended June 30, 2018 and 2017. Safe Harbor Children's Shelter, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Safe Harbor Children's Shelter, Inc.'s major federal programs based on our audits of the types of compliance requirements referred to above. We conducted our audits of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audits 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 Children's Shelter, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audits provide a reasonable basis for our opinion on compliance for each major federal program. However, our audits do not provide a legal determination on Safe Harbor Children's Shelter, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Safe Harbor Children's Shelter, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended June 30, 2018 and 2017.

Report on Internal Control over Compliance

Management of Safe Harbor Children's Shelter, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audits of compliance, we considered Safe Harbor Children's Shelter, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Safe Harbor Children's Shelter, Inc.'s internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Arline + Wiggins, CPAs, LLC

Arline & Wiggins, CPAs, LLC

November 12, 2018
Brunswick, Georgia

SAFE HARBOR CHILDREN'S SHELTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2018

<u>Grantor</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services:			
Runaway and Homeless Youth	93.623	90CY6980-01-00	\$199,660
Transitional Living for Homeless Youth	93.550	90CX7122-01-00	144,666
Pass-through Georgia Department of Human Resources:			
Promoting Safe & Stable Families (PSSF) Program – PPS	93.556	42700-040C-PSSF-17-115	10,243
Promoting Safe & Stable Families (PSSF) Program – PPS	93.556	42700-040C-PSSF-18-075	59,348
Promoting Safe & Stable Families (PSSF) Program – SHY	93.556	42700-040C-PSSF-17-111	17,572
Promoting Safe & Stable Families (PSSF) Program – SHY	93.556	42700-040C-PSSF-18-057	63,790
U.S. Department of Housing and Urban Development:			
Pass-through City of Brunswick:			
Community Development Block Grant	14.218		14,247
U.S. Department of Justice:			
Pass-through National Children's Alliance:			
Children's Advocacy Centers of Georgia	16.758		7,000
Pass-through Criminal Justice Coordinating Council:			
Victim's of Crime Act Assistance Grant Program (VOCA) – Child Abuse	16.575	C15-8-297	76,099
Victim's of Crime Act Assistance Grant Program (VOCA) – Child Abuse	16.575	C16-8-119	227,165
Victim's of Crime Act Assistance Grant Program (VOCA) – Sexual Assault	16.575	C15-8-298	60,422
Victim's of Crime Act Assistance Grant Program (VOCA) – Sexual Assault	16.575	C16-8-079	191,903
U.S. Department of Housing and Urban Development:			
Pass-through Georgia Housing and Finance Authority:			
Georgia Department of Community Affairs – Emergency Shelter Grant – Type: Shelter	14.231	17C193	50,000
Georgia Department of Community Affairs – Emergency Shelter Grant – Type: Outreach	14.231	17C196	50,000
Georgia Department of Community Affairs – Emergency Shelter Grant – Type: Supportive Services	14.231	17C194	25,000
Georgia Department of Community Affairs – Emergency Shelter Grant – Type: HMIS	14.231	17C195	<u>44,198</u>
			<u>\$ 1,241,313</u>

SAFE HARBOR CHILDREN'S SHELTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued

For the year ended June 30, 2018

NOTE 1- BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Safe Harbor Children's Shelter, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Safe Harbor Children's Shelter, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

SAFE HARBOR CHILDREN’S SHELTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the years ended June 30, 2018 and 2017

A. SUMMARY OF AUDIT RESULTS

1. The auditor’s report expresses an unmodified opinion on whether the financial statements of Safe Harbor Children’s Shelter, Inc. were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses were identified during the audit of financial statements.
3. No instances of noncompliance material to the financial statements of Safe Harbor Children’s Shelter, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses were identified during the audit of the major federal award programs.
5. The auditor’s report on compliance for the major federal award programs for Safe Harbor Children’s Shelter, Inc., expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in Part C of this Schedule.
7. The programs tested as major programs included:
 - U.S. Department of Health and Human Services, Pass-through ACYF – Family and Youth Services Bureau, Runaway and Homeless Youth, CFDA #93.623
 - U.S. Department of Justice, Pass-through Criminal Justice Coordinating Council, Victims of Crime Act Assistance Grant Program, CFDA #16.575
8. The threshold for distinguishing Type A and B Programs was \$750,000.
9. Safe Harbor Children’s Shelter, Inc., did not qualify as a low-risk auditee.

B. FINDINGS-FINANCIAL STATEMENTS AUDIT

NONE

C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE