

**SAFE HARBOR CHILDREN'S CENTER, INC.**

**FINANCIAL STATEMENTS AND AUDITOR'S REPORTS**

**FOR THE YEARS ENDED**

**JUNE 30, 2020 AND 2019**

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

## TABLE OF CONTENTS

INDEPENDENT AUDITOR’S REPORT	1-2
BASIC FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3-4
STATEMENTS OF ACTIVITIES	5
STATEMENTS OF CASH FLOWS	6
STATEMENTS OF FUNCTIONAL EXPENSES	7-10
NOTES TO FINANCIAL STATEMENTS	11-16
SUPPLEMENTAL INFORMATION:	
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	17-18
Independent Auditor’s Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance Required by the Uniform Guidance	19-20
Schedule of Expenditures of Federal Awards	21-22
Notes to Schedule of Expenditures of Federal Awards	23
Schedule of Findings and Questioned Costs	24



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, 2020 and 2019, 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, 2020 and 2019, 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, 2020, 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, 2020  
Brunswick, Georgia

**SAFE HARBOR CHILDREN'S CENTER, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**June 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 441,123	\$ 115,477
Pledges receivable	90,000	127,600
Grants and contracts receivable	255,642	213,842
Inventory	6,186	3,995
Due from employees	771	279
Prepaid expenses	9,635	12,152
Total Current Assets	<u>803,357</u>	<u>473,345</u>
<b>FIXED ASSETS</b>		
Land	339,540	339,540
Building	4,569,510	4,569,510
Equipment	423,649	407,138
Furniture and fixtures	214,770	243,496
Building improvements	389,863	389,863
Vehicles	200,620	200,620
	<u>6,137,952</u>	<u>6,150,167</u>
Less accumulated depreciation	<u>(1,213,745)</u>	<u>(1,018,038)</u>
Total Fixed Assets	<u>4,924,207</u>	<u>5,132,129</u>
<b>OTHER ASSETS</b>		
Intangible assets, net of amortization	4,257	7,816
Refundable deposits	5,110	5,110
Total Other Assets	<u>9,367</u>	<u>12,926</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 5,736,931</u></u>	<u><u>\$ 5,618,400</u></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, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 50,679	\$ 67,991
Accrued expenses	71,512	37,281
Current maturities of long-term debt	501,567	1,688
Total current liabilities	<u>623,758</u>	<u>106,960</u>
Long-term debt, net of current maturities	41,008	42,770
Total liabilities	<u>664,766</u>	<u>149,730</u>
<b>NET ASSETS:</b>		
Net assets with donor restrictions	106,185	42,443
Net assets without donor restrictions	4,965,980	5,426,227
Total net assets	<u>5,072,165</u>	<u>5,468,670</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 5,736,931</u></b>	<b><u>\$ 5,618,400</u></b>

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, 2020 and 2019**

	Without donor restrictions	With donor Restrictions	Total 2020	Total 2019
<b>REVENUES AND OTHER SUPPORT</b>				
Contributions	\$ 529,623	\$ 125,128	\$ 654,751	\$ 513,696
Program income	33,354	1,218,171	1,251,525	1,169,981
Government grants	-	1,711,052	1,711,052	1,634,082
Special events, net	9,956	-	9,956	-
Total revenues and other support	572,933	3,054,351	3,627,284	3,317,759
Net assets released by satisfaction of donor-imposed restrictions	2,990,609	(2,990,609)	-	-
Total revenues and other support, and net assets released from donor-imposed restrictions	3,563,542	63,742	3,627,284	3,317,759
<b>EXPENSES</b>				
Program services	3,606,400	-	3,606,400	3,260,101
Supporting services				
General and administrative	229,973	-	229,973	237,532
Fund-raising	187,416	-	187,416	179,422
Total support services	417,389	-	417,389	416,954
Total expenses	4,023,789	-	4,023,789	3,677,055
Change in Net Assets	(460,247)	63,742	(396,505)	(359,296)
Net assets, beginning of year	5,426,227	42,443	5,468,670	5,827,966
Net assets, end of year	\$ 4,965,980	\$ 106,185	\$ 5,072,165	\$ 5,468,670

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, 2020 and 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (396,505)	\$ (359,296)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	247,643	245,776
Decrease in pledges receivable	37,600	240,850
(Increase) decrease in grants and other receivables	(42,292)	19,478
(Increase) in inventory	(2,191)	(582)
Decrease in prepaid expenses	2,517	163
Decrease in refundable deposits	-	150
(Decrease) in accounts payable	(17,312)	(27,756)
Increase in accrued expenses	34,231	2,622
Net cash (used in) provided by operating activities	(136,309)	121,405
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(36,162)	(178,200)
Net cash used in investing activities	(36,162)	(178,200)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from loans	849,800	160,000
Principal payments on loans	(351,683)	(161,614)
Net cash provided by (used in) financing activities	498,117	(1,614)
<b>NET INCREASE (DECREASE) IN</b>		
<b>CASH AND CASH EQUIVALENTS</b>	325,646	(58,409)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	115,477	173,886
<b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 441,123	\$ 115,477
<b>SUPPLEMENTAL DATA:</b>		
Interest paid	\$ 10,088	\$ 4,071

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, 2020**

PROGRAM SERVICES

	Children's Center	Runaway & Homeless	Family Preservation	Street Outreach	Transitional Living	Child Advocacy Center	Sexual Assault Center
Salaries	\$ 753,008	\$ 261,657	\$ 79,726	\$ 207,447	\$ 233,832	\$ 367,953	\$ 387,011
Payroll taxes	58,792	20,445	6,223	16,068	18,246	28,696	30,171
Employee benefits	23,901	5,716	6,268	4,999	8,706	19,877	12,385
Total personnel	835,701	287,818	92,217	228,514	260,784	416,526	429,567
Advertising & marketing	-	-	-	-	-	547	-
Conferences & meetings	-	-	-	-	-	-	-
Contract labor	537	11,268	28,620	16,861	205	953	933
Dues & subscriptions	2,408	1,376	-	199	542	2,769	944
Insurance	19,385	4,846	1,939	2,908	969	4,846	4,846
Interest	-	-	-	-	1,999	-	-
Meals & entertainment	357	294	78	2,468	500	842	177
Office expense	8,687	4,878	2,871	4,340	5,553	23,159	1,512
Printing & reproduction	-	587	-	-	51	3,078	4,096
Postage	-	55	-	-	-	26	-
Professional fees	3,081	770	308	462	154	4,185	770
Rent	-	-	11,700	1,880	1,750	51,320	21,450
Repairs & maintenance	39,892	6,052	416	1,394	2,301	1,560	-
Resident/program expenses	221,447	8,723	83	40,272	26,494	10,550	-
Supplies	10,882	6,647	949	2,234	2,993	4,345	19,004
Taxes & licenses	-	-	-	-	-	133	-
Transportation	11,631	2,061	1,127	1,996	6,893	319	-
Travel & training	3,581	2,940	964	4,810	4,435	8,825	4,983
Utilities	32,140	11,993	4,917	6,362	12,780	11,798	16,078
Total expenses before depreciation & amortization	1,189,729	350,308	146,189	314,700	328,403	545,781	504,360
Depreciation & amortization	163,329	22,610	110	3,225	15,233	18,721	3,702
Total Expenses	\$ 1,353,058	\$ 372,918	\$ 146,299	\$ 317,925	\$ 343,636	\$ 564,502	\$ 508,062

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, 2020**

**SUPPORTING SERVICES**

	Total Program	General & Administrative	Fundraising			Total 2020
			Donation Center	Fund- Raising	Total Fundraising	
Salaries	\$ 2,290,634	\$ 51,585	\$ 56,117	\$ 61,245	\$ 117,362	\$ 2,459,581
Payroll taxes	178,641	3,775	4,401	4,847	9,248	191,664
Employee benefits	81,852	4,994	3,668	1,826	5,494	92,340
Total personnel	2,551,127	60,354	64,186	67,918	132,104	2,743,585
Advertising & marketing	547	1,017	-	8,754	8,754	10,318
Conferences & meetings	-	106	-	-	-	106
Contract labor	59,377	-	-	-	-	59,377
Dues & subscriptions	8,238	26,214	253	646	899	35,351
Insurance	39,739	52,341	-	4,846	4,846	96,926
Interest	1,999	8,089	-	-	-	10,088
Meals & entertainment	4,716	595	-	167	167	5,478
Office expense	51,000	5,488	2,076	4,067	6,143	62,631
Printing & reproduction	7,812	1,477	688	3,364	4,052	13,341
Postage	81	1,447	-	1,879	1,879	3,407
Professional fees	9,730	43,224	-	770	770	53,724
Rent	88,100	-	-	-	-	88,100
Repairs & maintenance	51,615	3,649	1,418	143	1,561	56,825
Resident/program expenses	307,569	57	6,990	-	6,990	314,616
Supplies	47,054	616	2,407	-	2,407	50,077
Taxes, licenses & fees	133	702	-	-	-	835
Transportation	24,027	-	-	-	-	24,027
Travel & training	30,538	3,128	-	-	-	33,666
Utilities	96,068	12,198	5,401	-	5,401	113,667
Total expenses before depreciation & amortization	3,379,470	220,702	83,419	92,554	175,973	3,776,145
Depreciation & amortization	226,930	9,271	11,443	-	11,443	247,644
Total Expenses	<u>\$ 3,606,400</u>	<u>\$ 229,973</u>	<u>\$ 94,862</u>	<u>\$ 92,554</u>	<u>\$ 187,416</u>	<u>\$ 4,023,789</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, 2019**

PROGRAM SERVICES

	Children's Center	Runaway & Homeless	Family Preservation	Street Outreach	Transitional Living	Child Advocacy Center	Sexual Assault Center
Salaries	\$ 722,868	\$ 278,844	\$ 76,141	\$ 121,368	\$ 149,753	\$ 358,675	\$ 360,734
Payroll taxes	56,600	20,651	5,945	7,617	11,730	28,147	28,186
Employee benefits	26,887	7,086	4,275	4,546	7,658	9,411	9,209
Total personnel	806,355	306,581	86,361	133,531	169,141	396,233	398,129
Advertising & marketing	-	1,468	-	-	-	310	3,177
Conferences & meetings	-	-	-	-	-	-	-
Contract labor	650	-	16,059	17,717	9,613	26,070	5,246
Dues & subscriptions	1,859	2,052	-	-	180	955	837
Insurance	17,832	4,458	1,783	2,675	892	4,458	4,458
Interest	-	-	-	-	2,069	-	-
Meals & entertainment	328	412	178	178	196	676	-
Office expense	8,052	4,353	2,766	2,788	3,996	10,171	3,234
Printing & reproduction	32	-	-	-	492	285	1,023
Postage	5	52	-	-	-	44	-
Professional fees	3,021	755	302	453	151	755	755
Rent	-	-	11,701	1,881	-	62,845	-
Repairs & maintenance	31,321	2,080	4,619	6,570	6,095	2,237	1,333
Resident/program expenses	209,753	10,302	128	13,472	13,891	4,134	2,673
Supplies	9,220	4,099	231	2,111	4,326	3,486	1,812
Taxes & licenses	-	-	-	-	-	109	-
Transportation	11,704	1,305	928	2,582	5,135	239	-
Travel & training	6,125	4,231	1,661	2,479	5,840	14,832	10,551
Utilities	31,507	10,928	4,208	5,840	11,005	12,571	14,077
Total expenses							
before depreciation	1,137,764	353,076	130,925	192,277	233,022	540,410	447,305
Depreciation	169,335	22,882	81	2,360	12,319	15,197	3,148
Total Expenses	\$ 1,307,099	\$ 375,958	\$ 131,006	\$ 194,637	\$ 245,341	\$ 555,607	\$ 450,453

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, 2019**

SUPPORTING SERVICES

	Total Program	General & Administrative	Fundraising			Total 2019
			Donation Center	Fund- Raising	Total Fundraising	
Salaries	\$ 2,068,383	\$ 45,701	\$ 52,309	\$ 51,086	\$ 103,395	\$ 2,217,479
Payroll taxes	158,876	3,073	4,095	3,945	8,040	169,989
Employee benefits	69,072	5,391	3,908	399	4,307	78,770
Total personnel	2,296,331	54,165	60,312	55,430	115,742	2,466,238
Advertising & marketing	4,955	1,582	42	14,902	14,944	21,481
Conferences & meetings	-	11,976	-	-	-	11,976
Contract labor	75,355	-	-	-	-	75,355
Dues & subscriptions	5,883	20,682	404	101	505	27,070
Insurance	36,556	48,146	-	4,458	4,458	89,160
Interest	2,069	2,002	-	-	-	4,071
Meals & entertainment	1,968	594	-	785	785	3,347
Office expense	35,360	9,323	1,769	3,545	5,314	49,997
Printing & reproduction	1,832	654	49	-	49	2,535
Postage	101	1,492	-	577	577	2,170
Professional fees	6,192	62,602	-	755	755	69,549
Rent	76,427	-	-	-	-	76,427
Repairs & maintenance	54,255	2,578	2,731	-	2,731	59,564
Resident/program expenses	254,353	-	13,633	-	13,633	267,986
Supplies	25,285	820	1,683	-	1,683	27,788
Taxes & licenses	109	616	-	-	-	725
Transportation	21,893	50	25	-	25	21,968
Travel & training	45,719	1,210	-	1,751	1,751	48,680
Utilities	90,136	9,850	5,206	-	5,206	105,192
Total expenses before depreciation	3,034,779	228,342	85,854	82,304	168,158	3,431,279
Depreciation	225,322	9,190	11,264	-	11,264	245,776
Total Expenses	\$ 3,260,101	\$ 237,532	\$ 97,118	\$ 82,304	\$ 179,422	\$ 3,677,055

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, 2020 and 2019**

**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, 2020 and 2019**

**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, 2020 and 2019**

**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 with or without donor restrictions, depending on the existence or nature of any donor restrictions.

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

**SAFE HARBOR CHILDREN’S CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

**For the years ended June 30, 2020 and 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Contributions - Continued**

The Organization's unspent contributions are reported in net assets with donor contributions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

**Donated Services**

No amounts have been reflected in the financial statements for donated services for the years ended June 30, 2020 and 2019. 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.

**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.

**Reclassifications**

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.



**SAFE HARBOR CHILDREN’S CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS - Continued**

**For the years ended June 30, 2020 and 2019**

**NOTE 2 – GRANTS AND CONTRACTS RECEIVABLE**

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

	<u>2020</u>	<u>2019</u>
Georgia Department of Community Affairs	\$ 23,393	\$ -
Promoting Safe and Stable Families	15,514	9,495
Children’s Advocacy Center of Georgia	10,687	10,938
Victims of Crime Act Assistance Grant	101,706	85,169
City of Brunswick, Georgia	3,704	-
Glynn County DFACS	99,678	104,037
	<u>\$ 254,782</u>	<u>\$ 213,842</u>

**NOTE 3 – NOTES PAYABLE**

Following is the detail of the Center's note payable as of June 30, 2020:

Synovus, 60 months, 4.57% interest, \$306.89 monthly payment with a balloon payment	\$ 42,775
Less current portion	<u>(1,767)</u>
Long-term portion as of June 30, 2020	<u>\$ 41,008</u>

The Transitional Living home, formerly known as the Hamer House, located at 2016 Atlanta Avenue, Brunswick, Georgia is collateral for the above note. Interest paid on the note totaled \$1,999 and \$2,069 for the years ended June 30, 2020 and 2019, respectively.

The Center also has a line of credit with Synovus, to be used for operating purposes as needed. As of June 30, 2020 and 2019, there was no outstanding balance on the line. Interest paid on the line of credit totaled \$8,089 and \$2,002 for the years ended June 30, 2020 and 2019, respectively.

On April 10, 2020, the Center received loan proceeds totaling \$499,800 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses and nonprofits for amounts up to 2.5 times of the average monthly payroll expenses of the business or nonprofit. The loans and accrued interest are forgivable as long as the borrower uses the proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The unforgiven portion of the PPP is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Center believes that its use of the loan proceeds will meet the conditions for forgiveness and no amounts will be required to be paid back.

**SAFE HARBOR CHILDREN’S CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS - Continued**

**For the years ended June 30, 2020 and 2019**

**NOTE 4 – 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 5 – 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. Occasionally, the Center has excess cash deposits exceeding federally insured amounts; however, the Center does not expect to incur any losses from its uninsured deposits.

**NOTE 6 – RESTRICTIONS ON NET ASSETS**

Net assets with donor restrictions are available for the following as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Adventure-based counseling	\$ 16,282	\$ 11,457
Connie Smith Rape Crisis Center	50,000	-
Program specific donations	28,166	-
Donation Center	-	21,831
Literary Guild	1,143	895
Academic tutoring	9,442	6,750
Various minor donor restricted contributions for resident expenses	<u>1,152</u>	<u>1,510</u>
	<u>\$ 106,185</u>	<u>\$ 42,443</u>

**NOTE 7 - SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through November 12, 2020, which is the date the financial statements were available to be issued. The COVID-19 outbreak in the United States has caused business disruptions through mandated and voluntary closings. The related financial impact on the organization and duration cannot be reasonably estimated at this time.



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, 2020 and 2019, 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, 2020.

**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* in 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, 2020  
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, 2020 and 2019. 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, 2020 and 2019.

## 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, 2020  
Brunswick, Georgia

**SAFE HARBOR CHILDREN'S SHELTER, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the year ended June 30, 2020**

<u>Grantor</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Health and Human Services:</b>			
Runaway and Homeless Youth	93.623	90CY698002	49,918
Runaway and Homeless Youth	93.623	90CY698003	149,742
Runaway and Homeless Youth CARES Act	93.557	90CY698003C3	15,972
Transitional Living for Homeless Youth	93.550	90CX712202	48,230
Transitional Living for Homeless Youth	93.550	90CX712203	144,666
Transitional Living for Homeless Youth CARES Act	93.550	90CX712203C3	20,060
Street Outreach FYSB	93.557	90Y0237801	121,589
Street Outreach CARES Act	93.557	90Y0237801C3	5,966
<b>Pass-through Georgia Department of Human Resources:</b>			
Promoting Safe & Stable Families (PSSF) Program – PPS	93.556	42700-040C-PSSF-19-102	15,233
Promoting Safe & Stable Families (PSSF) Program – PPS	93.556	42700-040C-PSSF-20-072	53,924
Promoting Safe & Stable Families (PSSF) Program – SHY	93.556	42700-040C-PSSF-19-012	14,142
Promoting Safe & Stable Families (PSSF) Program – SHY	93.556	42700-040C-PSSF-20-041	58,055
Promoting Safe & Stable Families (PSSF) Program - TLP	93.556	42700-040C-PSSF-20-076	26,243
<b>U.S. Department of Housing and Urban Development:</b>			
<b>Pass-through City of Brunswick:</b>			
Community Development Block Grant	14.218		14,816
<b>U.S. Department of Justice:</b>			
<b>Pass-through National Children's Alliance:</b>			
Children's Advocacy Centers of Georgia	16.758	7-BRUN-GA-SA16	7,000
<b>Pass-through Criminal Justice Coordinating Council:</b>			
Victim's of Crime Act Assistance Grant Program (VOCA) – Child Abuse (Jul-Sep)	16.575	C17-8-116	111,719
Victim's of Crime Act Assistance Grant Program (VOCA) – Child Abuse (Oct-Jun)	16.575	C18-8-324	244,986
Victim's of Crime Act Assistance Grant Program (VOCA) – Sexual Assault (Jul-Sep)	16.575	C17-8-197	64,560
Victim's of Crime Act Assistance Grant Program (VOCA) – Sexual Assault (Oct-Jun)	16.575	C18-8-297	230,670
Victim's of Crime Act Assistance Grant Program (VOCA) - Sexual Assault State Funds (July - June)	16.575	X20-8-076	40,000

**SAFE HARBOR CHILDREN’S SHELTER, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the year ended June 30, 2020**

<u>Grantor</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Housing and Urban Development:</b>			
Pass-through Georgia Housing and Financing Authority:			
Georgia Department of Community Affairs – Emergency Shelter Grant – Type: Outreach	14.231	19C124	51,071
Georgia Department of Community Affairs – Emergency Shelter Grant – Type: Hotel Motel	14.231	19C125	44,097
Georgia Department of Community Affairs – Emergency Shelter Grant – Type: Supportive Services	14.231	19C126	20,000
Georgia Department of Community Affairs – Emergency Shelter Grant – Type: HMIS	14.231	19C127	<u>37,464</u>
<b>Total Expenditures of Federal Awards</b>			<b><u><u>1,590,122</u></u></b>



**SAFE HARBOR CHILDREN'S SHELTER, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued**

**For the year ended June 30, 2020**

**NOTE 1- BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Safe Harbor Children's Shelter, Inc. under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Safe Harbor Children's Shelter, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Safe Harbor Children's Shelter, Inc.

**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.

**NOTE 3- INDIRECT COST RATE**

Safe Harbor Children's Shelter, Inc. has elected to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

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

**For the years ended June 30, 2020 and 2019**

**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 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., qualifies as a low-risk auditee.

**B. FINDINGS-FINANCIAL STATEMENTS AUDIT**

NONE

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

NONE