



MAULDIN & JENKINS

CPAs & ADVISORS

SAFE HARBOR CHILDREN'S CENTER, INC.

FINANCIAL REPORT

JUNE 30, 2023

SAFE HARBOR CHILDREN'S CENTER, INC.

FINANCIAL REPORT

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**FINANCIAL REPORT
JUNE 30, 2023**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Safe Harbor Children's Center, Inc.** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Safe Harbor Children's Center, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Safe Harbor Children's Center, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Safe Harbor Children's Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Safe Harbor Children's Center, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Safe Harbor Children's Center, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was 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 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 schedule of expenditures of federal awards 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 March 21, 2024, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Safe Harbor Children's Center, Inc.'s 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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 21, 2024

SAFE HARBOR CHILDREN'S CENTER, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 226,799
Grants receivable	587,895
Prepaid expenses	<u>72,118</u>
Total current assets	<u>886,812</u>

NONCURRENT ASSETS

Property and equipment, net	4,454,974
Refundable deposits	<u>5,110</u>
Total noncurrent assets	<u>4,460,084</u>

Total assets	<u><u>\$ 5,346,896</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 255,928
Due to employees	10,818
Line of credit	<u>160,000</u>
Total liabilities	<u>426,746</u>

NET ASSETS

Without donor restrictions	4,890,150
With donor restrictions	<u>30,000</u>

Total net assets	<u>4,920,150</u>
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Total liabilities and net assets	<u><u>\$ 5,346,896</u></u>
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See Notes to Financial Statements.

SAFE HARBOR CHILDREN'S CENTER, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 529,668	\$ 30,000	\$ 559,668
Program income	281,705	-	281,705
Government grants	4,519,168	-	4,519,168
In-kind contributions	74,941	-	74,941
Other Income	919	-	919
Special events, net	171,578	-	171,578
Net assets released from restrictions	130,283	(130,283)	-
	<u>5,708,262</u>	<u>(100,283)</u>	<u>5,607,979</u>
EXPENSES			
Program services	4,741,179	-	4,741,179
Supporting services			
Management and general	388,092	-	388,092
Fundraising	448,713	-	448,713
	<u>5,577,984</u>	<u>-</u>	<u>5,577,984</u>
Total expenses			
Changes in net assets	130,278	(100,283)	29,995
Net assets at beginning of year	4,759,872	130,283	4,890,155
Net assets at end of year	<u>\$ 4,890,150</u>	<u>\$ 30,000</u>	<u>\$ 4,920,150</u>

See Notes to Financial Statements.

SAFE HARBOR CHILDREN'S CENTER, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023**

	Program Services	Supporting Services		Totals
		Management and General	Fundraising	
Salaries and benefits	\$ 3,253,055	\$ 229,627	\$ 344,441	\$ 3,827,123
Program expenses	301,192	-	-	301,192
Advertising and marketing	16,321	-	-	16,321
Office expense	172,040	40,182	1,669	213,891
Insurance	90,887	6,416	9,623	106,926
Occupancy	242,864	17,143	25,715	285,722
Transportation	40,278	2,843	4,265	47,386
Utilities	140,344	24,767	-	165,111
Professional fees	-	33,772	39,366	73,138
Travel and meetings	53,372	-	-	53,372
Taxes and licenses	-	90	-	90
Resident expenses	148,463	-	-	148,463
Events and outreach	59,145	-	-	59,145
Other expenses	-	17,495	-	17,495
Total expenses before depreciation and amortization	<u>4,517,961</u>	<u>372,335</u>	<u>425,079</u>	<u>5,315,375</u>
Depreciation and amortization	223,218	15,757	23,634	262,609
Total	<u>\$ 4,741,179</u>	<u>\$ 388,092</u>	<u>\$ 448,713</u>	<u>\$ 5,577,984</u>

See Notes to Financial Statements.

SAFE HARBOR CHILDREN'S CENTER, INC.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2023

OPERATING ACTIVITIES

Increase in net assets	\$	29,995
Adjustments to reconcile increase in net assets to net cash and cash equivalents (used in) operating activities:		
Depreciation and amortization		262,609
Decrease (increase) in assets		
Grants receivable		(276,087)
Prepaid expenses		(55,779)
(Decrease) increase in liabilities		
Accounts payable and accrued expenses		24,144
Due to employees		10,818
		<hr/>
Net cash and cash equivalents (used in) operating activities		(4,300)

INVESTING ACTIVITIES

Purchase of property and equipment		<hr/> (131,057)
Net cash and cash equivalents (used in) investing activities		<hr/> (131,057)

FINANCING ACTIVITIES

Proceeds from line of credit		<hr/> 160,000
Net cash and cash equivalents provided by financing activities		<hr/> 160,000

Net increase in cash and cash equivalents		24,643
Cash and cash equivalents, beginning of year		<hr/> 202,156
Cash and cash equivalents, end of year	\$	<hr/> <hr/> 226,799

See Notes to Financial Statements.

SAFE HARBOR CHILDREN'S CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION

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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION (Continued)

Nature of Activities (Continued)

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.

The Thrift Shop and Donation Center accepts donations of gently used merchandise for women, children and men of all ages and sizes. The proceeds from the sale of the donated merchandise are used to provide necessary support and clothing needs for all the Center's clients and those of its community partners. The Thrift Shop and Donation Center also offers retail and marketing job training skills to the individuals served by the Center.

Safe Harbor Children's Center, Inc. has achieved three years of accreditation with the Commission on Accreditation of Rehabilitation Facilities (CARF) as of June 30, 2023.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Center have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities.

Safe Harbor Children's Center, Inc. follows the requirements of Financial Accounting Standards Board (FASB) ASC 958, *Financial Statements of Not-for-Profit Organizations*. Under ASC 958, Safe Harbor Children's Center, Inc. is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions which are used to account for resources available to carry out the purposes of the Center in accordance with the limitations of its bylaws. Board designated net assets are without donor restrictions but are designated by the Board to be spent for specific purposes. At June 30, 2023, the Center had no Board designated net assets.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. At June 30, 2023, the Center had no donor-imposed restrictions that were perpetual in nature. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There were \$30,000 in net assets with donor restrictions at June 30, 2023.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of reporting cash flows, the Center considers all highly liquid debt instruments purchased with an initial maturity of twelve months or less to be cash equivalents.

Grants Receivable

Grants receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Center provides for losses on grants receivable using the allowance method. The allowance is based on experience and other circumstances, which may affect the ability of grantors to meet their obligations. Grants are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Center's policy to charge off uncollectible grants receivable when management determines the receivable will not be collected and no allowance for doubtful accounts is determined to be needed. There was no grant allowance for doubtful accounts at June 30, 2023.

Property and Equipment

Fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets ranging from three to thirty years. The Center capitalizes all expenditures for fixed assets in excess of \$5,000.

Revenue Recognition

In accordance with FASB, unconditional grants and contributions are reported at fair value at the date the award is received. All contributions and investment income are available for general use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases in net assets with donor restrictions. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met.

Contributions received are recorded as with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Donated Materials and Services

Donated professional services are recorded in the accompanying financial statements in accordance with ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Non-professional donated services are not recorded. Donated assets are recorded as contributions at their estimated fair market values on the date of receipt.

Donated materials and goods and services for the year ended June 30, 2023 of \$74,941 are included as in-kind contributions on the statement of activities. See Note 10.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Center has been recognized by the Internal Revenue Service as tax-exempt under Internal Revenue Code Section 501(c)(3). Therefore, no provision for income taxes has been made in the financial statements.

The Center recognizes the financial statement effects from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Center and various positions related to the potential sources of unrelated business taxable income (UBIT). The assessment of the technical merits of a tax position is a matter of judgment. The Center believes that all its tax positions are more likely than not to be sustained upon examination.

The Center files Form 990 in the U.S. federal jurisdiction and the State of Georgia.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the organization. Expenses that are allocated include salaries and wages and associated costs, which are allocated to programs based on estimates of time and effort, the amount of time personnel spend on the programs. Facilities and equipment and related costs are allocated to programs based on estimates of usage, square footage of space used.

Use of Estimates

Financial statements prepared in accordance with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements, as well as the amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2016-02, *Leases* (“ASC Topic 842”). This standard requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use model (“ROU”) that requires a lessee to recognize a ROU asset and lease liability on the balance sheets for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the combined statements of income. These included transition elections that permitted the Center to not reassess its prior conclusions about lease identification, lease classification, and initial direct costs for existing or expired leases under the new standard. In addition, the Center adopted ongoing accounting policies to not recognize ROU assets and lease liabilities for leasing arrangements with terms of less than one year and to not separate lease and non-lease components for all classes of underlying assets. Also, the Center elected the practical expedient to use the risk free rate when determining the present value of lease payments over the lease term. The Center has elected the package of practical expedients permitted under the transition guidance. The adoption of ASC Topic 842 did not have an impact on the Center’s results of operations or cash flows.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LIQUIDITY AND AVAILABILITY

The Center manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures and meeting its liabilities and other obligations as they become due. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, June 30, 2023, comprise the following:

Cash and cash equivalents	\$ 196,799
Grants receivable	<u>587,895</u>
	<u>\$ 784,694</u>

Balances included on the statement of financial position that are excluded from the above table consist of \$30,000 at June 30, 2023, of cash subject to donor-imposed restrictions.

NOTE 4. GRANTS RECEIVABLE

As of June 30, 2023, grants receivable were as follows:

Georgia Department of Community Affairs	\$ 297,074
Glynn County DFACS	110,672
Criminal Justice Coordinating Council	83,021
Georgia Department of Human Resources	42,218
Children's Advocacy Center of Georgia	20,088
Department of Education	13,420
Georgia Department of Health and Human Services	9,113
Other	<u>12,289</u>
	<u>\$ 587,895</u>

NOTE 5. PROPERTY AND EQUIPMENT

A summary of property and equipment at June 30, 2023, is as follows:

Building and improvements	\$ 4,963,795
Furniture and equipment	778,659
Land	339,540
Vehicles	<u>307,341</u>
	6,389,335
Less accumulated depreciation and amortization	<u>(1,934,361)</u>
Property and equipment, net	<u>\$ 4,454,974</u>

Depreciation expense for the year ended June 30, 2023 was \$262,609.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LINE OF CREDIT

During the year ended June 30, 2018, the Center entered into a line of credit agreement with a financial institution. Under the agreement, the Center may borrow up to \$300,000. The line of credit agreement matures on July 17, 2024, with interest due monthly at the Bank Prime Rate (8.25% as of June 30, 2023). The line of credit is unsecured. The balance on the line of credit was \$160,000 at June 30, 2023.

NOTE 7. 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 8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes at June 30, 2023:

Subject to expenditure for specified purpose:

Program expansion	\$ 30,000
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Net assets with donor restrictions consist of the following at June 30, 2023:

Cash and cash equivalents	\$ 30,000
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NOTE 9. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during the year ended June 30, 2023, by incurring expenditures satisfying the restricted purposes specified by donors as follows:

Satisfaction of purpose restrictions:

Program operations	\$ 110,841
Academic tutoring	19,442
	<u>\$ 130,283</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 10. IN-KIND CONTRIBUTIONS

In-kind contributions were received as follows for the year ended June 30, 2023:

Goods	\$ 9,181
Use of facilities	<u>65,760</u>
	<u>\$ 74,941</u>

Safe Harbor recognized contributed nonfinancial assets within revenue, including contributed goods and use of facilities. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Donated goods were used in program support. Donated use of facilities was used in program and general and administrative support.

In valuing donated goods and use of facilities, the Center estimated fair value based on current rates for similar services. In valuing use of facilities, the Center estimated fair value based on the price per square foot from an appraisal from a professional organization.

NOTE 11. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through March 21, 2024, which is the date the financial statements were available to be issued.

SAFE HARBOR CHILDREN'S CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Identifying Number</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services			
Basic Center Program (BCP)			
Passthrough: Georgia Department of Human Services	90CY7254-01-02	93.623	\$ 49,976
Passthrough: Georgia Department of Human Services	90CY7254-01-03	93.623	154,102
			204,078
Transitional Living for Homeless Youth			
Passthrough: Georgia Department of Human Services	90CX7122-03-05	93.550	48,230
Passthrough: Georgia Department of Human Services	90CX7465-01-01	93.550	145,787
			194,017
Education and Prevention Grants to Reduce Sexual Abuse Of Runaway, Homeless and Street Youth			
Street Outreach Grant	90YO2378-01-03	93.557	37,294
Street Outreach Grant	90YO2487-01-01	93.557	115,598
			152,892
Sexual Risk Avoidance Education			
Passthrough: Georgia Department of Human Services	42700-040-0000107849	93.235	49,751
Promoting Safe & Stable Families (PSSF)			
Passthrough: Georgia Department of Human Services	42700-040C-PSSF-22-035	93.556	23,179
Passthrough: Georgia Department of Human Services	42700-040C-PSSF-23-117	93.556	47,987
Passthrough: Georgia Department of Human Services	42700-040C-PSSF-22-036	93.556	19,895
Passthrough: Georgia Department of Human Services	42700-040C-PSSF-23-0118	93.556	64,679
Passthrough: Georgia Department of Human Services	42700-040C-PSSF-22-037	93.556	16,599
Passthrough: Georgia Department of Human Services	42700-040C-PSSF-23-018	93.556	67,800
			240,138
Family Violence Prevention and Services			
Passthrough: Criminal Justice Coordinating Council	V53-8-017	93.671	22,040
Child Abuse and Neglect State Grants			
Passthrough: Glynn County, Georgia	C80-8-005	93.669	33,448
Passthrough: Glynn County, Georgia	B50-8-134	93.669	53,063
			86,511
			949,427
Total U.S. Department of Health and Human Services			
U.S. Department of Housing and Urban Development			
Continuum of Care Program			
	GA0403L4B012002	14.267	135,449
Family Violence Prevention and Services			
Passthrough: City of Brunswick, Georgia	N/A	14.218	8,000
Emergency Solutions Grant			
Passthrough: Georgia Department of Community Affairs	21E EH-22C244	14.231	51,535
Passthrough: Georgia Department of Community Affairs	HTF EV-21C242	14.231	5,731
Passthrough: Georgia Department of Community Affairs	HTF EV-22C246	14.231	1,738
Passthrough: Georgia Department of Community Affairs	HTF ES-22C195	14.231	10,680
Passthrough: Georgia Department of Community Affairs	21E EI-21C251	14.231	10,095
Passthrough: Georgia Department of Community Affairs	22E EI-22C260	14.231	30,896
Passthrough: Georgia Department of Community Affairs	21E EO-21C166	14.231	18,783
Passthrough: Georgia Department of Community Affairs	21E EO-22C166	14.231	58,813
Passthrough: Georgia Department of Community Affairs – COVID19	20E EQ-CV-20C167	14.231	58,610
Passthrough: Georgia Department of Community Affairs – COVID19	20E-EQ-CV-22C295	14.231	219,812

(continued)

SAFE HARBOR CHILDREN'S CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Identifying Number</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>
Passthrough: Georgia Department of Community Affairs – COVID19	20E-EH-CV-20C181	14.231	57,745
Passthrough: Georgia Department of Community Affairs – COVID19	20E-EH-CV-22C273	14.231	263,978
Passthrough: Georgia Department of Community Affairs – COVID19	20E-EI-CV-20C190	14.231	28,108
Passthrough: Georgia Department of Community Affairs – COVID19	20E-EI-CV-22C307	14.231	279,315
Passthrough: Georgia Department of Community Affairs – COVID19	20E-EH-CV-21C296	14.231	17,538
Passthrough: Georgia Department of Community Affairs	21E ER-22C229	14.231	22,000
			1,135,377
Total U.S. Department of Housing and Urban Development			1,278,826
U.S. Department of Education			
Education Stabilization Fund			
Passthrough: Georgia Department of Education	S425U210012	84.425	61,634
Passthrough: Georgia Department of Early Care and Learning	469-G23-921-SHCC-017	84.425	36,436
			98,070
Total U.S. Department of Education			98,070
U.S. Department of Justice			
Rural Domestic Violence, Dating Violence, Sexual Assault, And Stalking Assistance Program			
	2020-WR-AX-0048	16.589	169,011
Victims of Crime Act (VOCA)			
Passthrough: Criminal Justice Coordinating Council	C22-8-005	16.575	239,816
Passthrough: Criminal Justice Coordinating Council	C19-8-244	16.575	240,018
Passthrough: Criminal Justice Coordinating Council	X23-8-071	16.575	15,957
			495,791
Coronavirus Emergency Supplemental Funding			
Passthrough: Criminal Justice Coordinating Council	B50-8-115	16.034	23,771
Passthrough: Criminal Justice Coordinating Council	B50-8-134	16.034	17,600
			41,371
Total U.S. Department of Justice			706,173
U.S. Department of Treasury			
Coronavirus State and Local Fiscal Recovery Funds			
Passthrough: Glynn County, Georgia	B50-8-115	21.027	11,444
Passthrough: Glynn County, Georgia	B50-8-134	21.027	50,800
			62,244
Total U.S. Department of Treasury			62,244
			\$ 3,094,740

See Notes to Schedule of Expenditures of Federal Awards.

SAFE HARBOR CHILDREN’S CENTER, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of Safe Harbor Children's Center, Inc. under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of Safe Harbor Children's Center, 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 Center, 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 allowable or are limited as to reimbursement.

NOTE 3. INDIRECT COST RATE

Safe Harbor Children's Center, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**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***

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

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 Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 21, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Safe Harbor Children's Center, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Safe Harbor Children's Center, Inc.'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Safe Harbor Children's Center, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 21, 2024



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Safe Harbor Children's Center, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Safe Harbor Children's Center, Inc.'s major federal programs for the year ended June 30, 2023. Safe Harbor Children's Center, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Safe Harbor Children's Center, 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 year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Safe Harbor Children's Center, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Safe Harbor Children's Center, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Safe Harbor Children's Center, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Safe Harbor Children's Center, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Safe Harbor Children's Center, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Safe Harbor Children's Center, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Safe Harbor Children's Center, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Safe Harbor Children's Center, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 21, 2024

**SAFE HARBOR CHILDREN'S CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

SECTION I - SUMMARY OF AUDITOR'S RESULTS:

Financial Statements:

Type of auditor's report issued	<u>Unmodified</u>	
	<u>Yes</u>	<u>No</u>
Internal control over financial reporting:		
Material weaknesses identified?	_____	<u>X</u>
Significant deficiencies identified not considered to be material weaknesses?	_____	<u>None Reported</u>
Noncompliance material to the financial statements noted?	_____	<u>X</u>

Federal Awards:

Internal controls over major programs:		
Material weaknesses identified?	_____	<u>X</u>
Significant deficiencies identified not considered to be material weaknesses?	_____	<u>None Reported</u>
Type of auditor's report issued on compliance for major programs	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	<u>No</u>	

Identification of major programs:

U.S. Department of Health and Human Services, Promoting Safe & Stable Families	93.556
U.S. Department of Housing and Urban Development, Emergency Solutions Grant	14.231
Dollar threshold used to distinguish between type A and type B programs	\$ 750,000

	<u>Yes</u>	<u>No</u>
Auditee qualified as low-risk auditee?	_____	<u>X</u>
Financial statement findings?	_____	<u>X</u>
Findings and questioned costs for Federal awards?	_____	<u>X</u>

**SAFE HARBOR CHILDREN'S CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

SECTION II – FINANCIAL STATEMENT FINDINGS:

None

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

None

**SAFE HARBOR CHILDREN'S CENTER, INC.
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

SECTION II – FINANCIAL STATEMENT FINDINGS:

None

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

None