

# **SAFE HARBOR**

Financial Statements

For the years ended  
June 30, 2010 and 2009

# SAFE HARBOR

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**BARCALOW & HART, P.L.L.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

## **Report of Independent Certified Public Accountants**

The Board of Directors  
Safe Harbor  
Richmond, Virginia

We have audited the accompanying statements of financial position of Safe Harbor as of June 30, 2010 and 2009 and the related statements of activities, cash flows, and functional expenses for the years ended June 30, 2010 and 2009. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior-year summarized comparative information has been derived from the Organization's 2009 financial statements and, in our report dated October 15, 2010; we expressed an unqualified opinion on those financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Safe Harbor as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years ended June 30, 2010 and 2009 in conformity with accounting principles generally accepted in the United States of America.

*Barcalow & Hart, P.L.L.C.*

Richmond, Virginia  
September 16, 2010

**SAFE HARBOR**  
**Statements of Financial Position**  
**June 30, 2010 and 2009**

	2010	2009
<b>Assets</b>		
Cash and cash equivalents	\$ 28,499	\$ 173,593
Certificates of deposit	480,335	557,458
Contributions receivable	36,847	54,603
Other receivables	-	1,537
Other assets	6,212	11,759
Office furniture, fixtures and equipment	75,191	77,384
Less accumulated depreciation	(59,895)	(52,779)
<b>Total assets</b>	<b>\$ 567,189</b>	<b>\$ 823,555</b>
<b>Liabilities and net assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 5,506	\$ 27,902
Accrued expenses	26,072	20,909
Fiscal agent funds	7,113	12,599
<b>Total liabilities</b>	38,691	61,410
<b>Net assets</b>		
Unrestricted	513,498	722,145
Temporarily restricted net assets	15,000	40,000
<b>Total net assets</b>	528,498	762,145
<b>Total liabilities and net assets</b>	<b>\$ 567,189</b>	<b>\$ 823,555</b>

See notes to financial statements.

**Safe Harbor**  
**Statement of Activities**  
**Year Ended June 30, 2010**  
(with summarized financial information for the year ended June 30, 2009)

	Unrestricted	Temporarily	Total 2010	Total 2009
<b>Public support and revenue</b>				
Contributions	\$ 206,992	\$ -	\$ 206,992	\$ 244,504
In-kind contributions	69,152	-	69,152	61,013
Grants	132,628	129,275	261,903	243,537
Other groups	42,416	-	42,416	37,476
Special events	12,176	-	12,176	36,077
Other income	12,418	-	12,418	32,724
<b>Total public support and revenue</b>	<b>475,782</b>	<b>129,275</b>	<b>605,057</b>	<b>655,331</b>
<b>Net assets released from restrictions</b>	<b>154,275</b>	<b>(154,275)</b>	<b>-</b>	<b>-</b>
<b>Expenditures</b>				
Program services				
Children	105,051	-	105,051	120,620
Community	166,495	-	166,495	120,828
Outreach	107,215	-	107,215	70,799
Shelter	269,017	-	269,017	296,614
<b>Total program services</b>	<b>647,778</b>	<b>-</b>	<b>647,778</b>	<b>608,861</b>
Supporting services				
Development	128,848	-	128,848	155,362
General and administrative	62,078	-	62,078	45,924
<b>Total Supporting services</b>	<b>190,926</b>	<b>-</b>	<b>190,926</b>	<b>201,286</b>
<b>Total expenditures</b>	<b>838,704</b>	<b>-</b>	<b>838,704</b>	<b>810,147</b>
<b>Change in net assets</b>	<b>(208,647)</b>	<b>(25,000)</b>	<b>(233,647)</b>	<b>(154,816)</b>
<b>Net assets at beginning of year</b>	<b>722,145</b>	<b>40,000</b>	<b>762,145</b>	<b>916,961</b>
<b>Net assets at end of year</b>	<b>\$ 513,498</b>	<b>\$ 15,000</b>	<b>\$ 528,498</b>	<b>\$ 762,145</b>

**Safe Harbor**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2010**  
(with summarized prior year information for the year June 30, 2009)

	Children	Program Services			Shelter	Total	Management and General			2010 Total	2009 Total
		Community	Outreach	Stipend			Fundraising	General and Administrative	Total		
Salaries	\$ 62,450	\$ 119,840	\$ 68,747	\$ 159,813	\$ 410,850	\$ 93,642	\$ 29,712	\$ 123,354	\$ 534,204	\$ 467,387	
Benefits	8,226	15,767	8,912	21,937	54,842	13,711	4,113	17,824	72,666	68,654	
Other salary costs	1,475	2,826	1,598	3,932	9,831	2,458	737	3,195	13,026	9,377	
<b>Total Salaries and benefits</b>	<b>72,151</b>	<b>138,433</b>	<b>79,257</b>	<b>185,682</b>	<b>475,523</b>	<b>109,811</b>	<b>34,562</b>	<b>144,373</b>	<b>619,896</b>	<b>545,418</b>	
Professional Fees	3,574	3,729	2,744	3,254	13,301	5,398	9,094	14,492	27,793	44,803	
Occupancy	10,969	10,969	10,186	1,925	34,049	3,134	2,351	5,485	39,534	40,963	
Program	4,388	1,615	849	9,706	16,558	252	438	690	17,248	18,589	
Postage	-	-	85	50	135	590	648	1,238	1,373	1,038	
Printing and publication	3,610	151	-	259	4,020	332	123	455	4,475	2,540	
Insurance	2,169	2,169	2,014	310	6,662	620	640	1,260	7,922	8,604	
Dues and subscriptions	348	348	357	273	1,326	814	57	871	2,197	1,652	
Public relations	-	-	423	-	423	-	-	-	423	826	
Events	-	-	2,133	-	2,133	2,266	-	2,266	4,399	23,406	
Training and meetings	624	694	1,160	167	2,645	521	361	882	3,527	10,614	
Travel	895	1,965	2,093	210	5,163	334	380	714	5,877	7,403	
Depreciation	1,892	1,892	1,757	270	5,811	541	406	947	6,758	11,359	
Equipment and maintenance	2,121	2,195	1,970	2,610	8,896	2,787	1,075	3,862	12,758	14,761	
Miscellaneous	2,310	2,335	2,187	4,920	11,752	1,448	2,172	3,620	15,372	17,158	
Inkind assistance	-	-	-	59,381	59,381	-	9,771	9,771	69,152	61,013	
<b>Total functional expenses</b>	<b>\$ 105,051</b>	<b>\$ 166,495</b>	<b>\$ 107,215</b>	<b>\$ 269,017</b>	<b>\$ 647,778</b>	<b>\$ 128,848</b>	<b>\$ 62,078</b>	<b>\$ 190,926</b>	<b>\$ 838,704</b>	<b>\$ 810,147</b>	

**SAFE HARBOR**  
**Statements of Cash Flows**  
**Years Ended June 30, 2010 and 2009**

	2010	2009
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (233,647)	\$ (154,816)
Adjustments to reconcile change in net assets to net cash(used in) provided by operating activities:		
Depreciation	8,362	12,326
Bad debts	1,070	1,125
Loss on disposal of assets	479	-
Changes in operating assets and liabilities:		
(Increase) Decrease in contributions receivable	18,826	10,210
(Increase) Decrease in other receivables	1,537	(1,537)
(Increase) Decrease in prepaid expenses	5,547	(4,199)
Increase (Decrease) in accounts payable	(22,396)	14,488
Increase (Decrease) in accrued expenses	5,163	3,455
Increase (Decrease) in fiscal agent funds	(5,486)	3,455
<b>Net cash (used in) provided by operating activities</b>	<u>(220,545)</u>	<u>(116,984)</u>
<b>Cash flows from investing activities</b>		
Purchase of certificates of deposit	(350,825)	(250,057)
Maturities of certificates of deposit	427,686	380,021
Purchases of equipment	(1,410)	(4,567)
<b>Net cash (used in) provided by investing activities</b>	<u>75,451</u>	<u>125,397</u>
<b>Net (decrease) increase in cash</b>	(145,094)	8,413
<b>Cash at beginning of year</b>	<u>173,593</u>	<u>165,180</u>
<b>Cash at end of year</b>	<u>\$ 28,499</u>	<u>\$ 173,593</u>

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## Notes to Financial Statements June 30, 2010 and 2009

### Note 1 - Organization and summary of significant accounting policies

#### *Nature of the Organization*

Safe Harbor (the Organization) a Virginia corporation, was formed as a shelter service for domestic violence victims in the Richmond metropolitan area. The shelter is open to women and children. Residents are offered a variety of services, including counseling, safety planning, parenting, and individual and group counseling for children.

#### *Basis of presentation*

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations or any restrictions.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or passage of time. Included in this category may be gifts held by the Organization pending the use in accordance with donor stipulations, and unexpended gifts for capital projects

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. At the present time, the Organization does not have any permanently restricted net assets.

#### *Use of estimates*

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual events and circumstances could alter those estimates.

#### *Cash and cash equivalents*

For cash flows reporting purposes, the Organization's definition of cash and cash equivalents includes all purchases with original maturities of three months or less at the date of purchase. Cash and cash equivalents for purposes of the statement of cash flows exclude temporarily restricted cash and cash equivalents.

#### *Property and depreciation*

The Organization follows the practice of capitalizing all expenditures for land, buildings and equipment at cost, and all donated property and equipment at fair market value at date of gift. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. The estimated lives are as follows: furniture and equipment, 5 years; leasehold improvements, 5 years. Generally, the costs of major improvements over \$500 are capitalized, while the costs of maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed currently. The cost and accumulated depreciation on property are eliminated from the accounts upon disposal, and any resulting gain or loss is included in income.

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## Notes to Financial Statements June 30, 2010 and 2009

### Note 1 - Summary of significant accounting policies (concluded)

#### *Promises to give*

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Unconditional promises to give, including pledges and contributions receivable, are recognized as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. At this time no allowance is considered necessary by the Organization, as no significant write-offs have occurred.

#### *Donated services and other*

The Organization recognizes donated services, supplies, assets, and other items in accordance with Statement of Financial Accounting Standards No. 116, *Accounting for Contributions Received and Contributions Made*. All in-kind contributions are recorded when received at fair value as income and expenses or capitalized as property or equipment. The Organization does not imply time restrictions for gifts of long-lived assets. As a result, in the absence of donor-imposed restrictions, gifts of long-lived assets are reported as unrestricted revenue. The Organization pays for most services requiring specific expertise. However, many individuals interested in the Organization's programs volunteer their time.

#### *Functional expenses*

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

#### *Reclassifications*

Certain prior year balances may have been reclassified to conform to current year presentation.

#### *Income taxes*

The Organization is exempt from federal and state income taxes under Section 501(c) (3) of the Internal Revenue Code respectively, and is not considered a private foundation within the meaning of section 509(a) of the code.

### Note 2 – Property and equipment

A summary of property and equipment at June 30, 2010 and 2009 are as follows:

Leasehold improvements	\$ 11 660	\$ 11 660
Furniture and fixtures	53 420	55 613
Software	<u>10 111</u>	<u>10 112</u>
	75 191	77 385
Less: accumulated depreciation	<u>( 59 895)</u>	<u>( 52 779)</u>
	<u>\$ 15 296</u>	<u>\$ 24 605</u>

Depreciation and amortization expense for 2010 and 2009 was \$8,362 and \$12,326, respectively.

**Notes to Financial Statements**  
**June 30, 2010 and 2009**

**Note 3 - Concentration of credit risk**

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash, cash equivalents and receivables. The Organization maintains its cash balances with high quality financial institutions located in Richmond, Virginia, which are insured at the federally insured limits of \$250,000. The Organization has not experienced any losses in such accounts. The Organization's unsecured receivables are due from pledges and state agencies for grant reimbursements; therefore, its ability to collect is affected by the financial condition of the debtor.

**Note 4 - Certificates of Deposit**

The Organization has certificates of deposit. Investments in certificates of deposits are reported at their fair value plus accrued interest, which approximates cost. The certificates of deposit are as follows for the year ended June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Certificate of deposit, matures November 2010, interest 1.75%	\$ 227 549	\$ -
Certificate of deposit, matures August 2010, interest 1.85%	252 786	-
Certificate of deposit, matures November 2009, interest 4.00%	-	221 849
Certificate of deposit, matures April 2010, interest 5.2%	-	335 609
	<u>\$ 480 335</u>	<u>\$ 557 458</u>

**Note 5 - Related Party**

During the years ended June 30, 2010 and 2009, the Organization received \$48,367 and \$34,221, respectively from Bon Secours Richmond Health System which is included in grants and special events. In addition, Bon Secours Richmond Health System provided shelter facilities to the Organization on a pro bono basis, which is valued at approximately \$41,100, during 2010 and 2009, respectively. This use of shelter facilities is governed by a Cooperative Agreement dated March 1, 1999 and renews annually.

**Note 6 - Temporarily restricted net assets**

Temporarily restricted net assets include contributions related to time restrictions and amounted to \$15,000 for the year ended June 30, 2010. These net assets are included in cash and cash equivalents. Total assets released from restrictions for purpose restrictions amounted to \$154,275 for the year ended June 30, 2010.

**Note 7 - Employee Retirement Plan**

The Organization sponsors a defined-contribution retirement plan which covers all eligible employees. Contributions to the Plan include a 3% match of an employees' salary and totaled \$5,446 and \$4,473 in 2010 and 2009, respectively.

**Note 8 - Subsequent event**

In preparing these financial statements, Safe Harbor as evaluated events and transactions for potential recognition or disclosure through September 16, 2010, the date the financial statements were issued.

**Note 9 - Lease**

The Organization leases its office space under a five year lease, dated November 1, 2007. Rental expense for all operating leases totaled \$39,173 and \$39,025 in 2010 and 2009, and is included in occupancy expenses. Total outstanding commitments related to the office lease are as follows:

2011	\$ 38 704
2012	39 860
2013	41 060
2014	42 292
2015	<u>150 212</u> and thereafter
	<u>\$ 312 128</u>