

NEW HORIZONS, INC.
Shreveport, Louisiana

**FINANCIAL STATEMENTS
AND
AUDITOR'S REPORTS**

September 30, 2021

NEW HORIZONS, INC.
SHREVEPORT, LOUISIANA

FINANCIAL STATEMENTS AND AUDITORS' REPORTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
New Horizons, Inc.
Shreveport, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of New Horizons, Inc. (a non-profit organization), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the presentation 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 of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 statement, 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, I express no such opinion. An audit also involves evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Horizons, Inc., as of September 30, 2021, and the respective 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated March 25, 2022 on my consideration of the Organization's internal control over financial reporting and my test of its compliance with certain provisions of laws, regulations, contracts and agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is and integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance and should be read in conjunction with this report in considering the results of my audit.

Other Supplemental Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Paul Dauzat
Certified Public Accountant
March 25, 2022

NEW HORIZONS, INC.

STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2021

ASSETS

Current Assets:

Cash and cash equivalents	\$ 195,953
Certificate of Deposit	35,082
Contract and Grant Receivables	144,258
Total Current Assets	<u>375,293</u>

Property and Equipment:

Property and Equipment	35,392
Accumulated Depreciation	(35,392)
Net Property and Equipment	<u>-</u>

Total Assets

\$ 375,293

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable - Trade	\$ 24,008
Accrued Expenses - Payroll	30,412
Accrued Expenses - Compensated Absences	14,869
Total Current Liabilities	<u>69,289</u>

Total Liabilities

69,289

Net Assets:

Without Donor Restrictions:	<u>306,004</u>
Total Net Assets	<u>306,004</u>

Total Liabilities and Net Assets

\$ 375,293

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

NEW HORIZONS, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>WITHOUT DONOR RESTRICTIONS</u>
Increases in Net Assets	
<u>Revenues and Other Support:</u>	
Federal and State grants	\$ 602,430
Medicaid programs	491,697
Other program income	287,881
Other Income	172,961
Donations	5,968
Interest income	213
Total Revenues and Other Support	<u>1,561,150</u>
Decreases in Net Assets	
<u>Expenses:</u>	
Program Expenses	1,137,871
Supporting services:	
Management and general	<u>177,380</u>
Total Expenses	<u>1,315,251</u>
<u>Change in Net Assets</u>	245,899
<u>Net Assets - Beginning of Year</u>	<u>60,105</u>
<u>Net Assets - End of Year</u>	<u>\$ 306,004</u>

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

NEW HORIZONS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Cash Flows from Operating Activities:

Increase (Decrease) in Net Assets	\$ 245,899
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	3,798
(Increase) Decrease in Operating Assets:	
Contract and Grant Receivables	(80,897)
Increase (Decrease) in Operating Liabilities	
Accounts Payable - Trade	13,223
Accrued Expenses - Payroll	(13,616)
Accrued Expenses - Compensated Absences	(1,165)
Net Cash Provided (Used) by Operating Activities	167,242

Cash Flows from Investing Activities

Purchase of Short-Term Investment	(210)
Net Cash Used in Investing Activities	(210)

Cash Flows from Financing Activities

PPP Loan Forgiveness	(167,500)
Net cash Provided by (Used in) Financing Activities	(167,500)

Net Increase (Decrease) in Cash (468)

Cash at Beginning of Year 196,421

Cash at End of Year \$ 195,953

Required Supplementary Information:

Interest paid during the year	\$ -
There were no non-monetary transactions during the year	

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

NEW HORIZONS, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Expenses	<u>Program Services</u>	<u>Supporting Services, Management & General</u>	<u>Total</u>
Salaries and Wages	\$ 602,548	\$ 120,259	\$ 722,807
Payroll Taxes	52,321	13,055	65,376
Legal	-	7,265	7,265
Insurance	29,204	5,154	34,358
Equipment purchases - Consumer	5,177	-	5,177
Services/Supplies - Consumer	192,568	-	192,568
Office Exp	14,674	4,891	19,565
Training	716	80	796
Travel	11,632	1,293	12,925
Dues and Subscriptions	7,027	781	7,808
Contracted Services	96,229	11,000	107,229
Rent	73,891	8,210	82,101
Repairs and Maintenance	5,681	631	6,312
Public Awareness	18,102	2,011	20,113
Telephone	6,308	751	7,059
Utilities	10,738	1,193	11,931
Miscellaneous	7,257	806	8,063
Depreciation	3,798	-	3,798
	<hr/>	<hr/>	<hr/>
Total Expenses	<u>\$ 1,137,871</u>	<u>\$ 177,380</u>	<u>\$1,315,251</u>

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

NEW HORIZONS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

I. Summary of Significant Accounting Policies

A. Nature of Activities

New Horizons, Inc. (New Horizons), is a nonprofit corporation under the laws of the State of Louisiana. New Horizons was established to provide an opportunity for those individuals with disabilities to live independently through a broad range of support services including informational support, educational services, personal care attendants, transportation, recreation, and other services, and to make possible a broader life for those individuals and families with special needs. The following programs are administered by New Horizons, shown with their approximate percentages of total revenue:

Medicaid — 31 %
Federal and State Grants — 66%
Other Income — 3%

B. Basis of Accounting

The financial statements of New Horizons, Inc., have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues are recognized when they become measurable and available as net current assets. Expenditures are recognized when they are incurred.

C. Basis of Presentation

The Organization has adopted FASB Accounting Standard Codification 958-205 “Not-for-Profit Organizations.” Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

The Organization adopted the requirements of the Financial Accounting Standards Board’s (FASB) Accounting Standards Update No. 2016-14, Not-for Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14). This update addresses net asset classification. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions.

All of the Organization’s net assets are considered net assets without donor restrictions for the fiscal year ended September 30, 2021. It is the Organization’s policy to report donor-restricted revenues whose restrictions are met in the same reporting period as support and revenue without donor restrictions. In addition, the Organization is required to present a statement of cash flows.

NEW HORIZONS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

1. Summary of Significant Accounting Policies (Continued)

D. Income Tax Status

New Horizons, Inc., is a tax-exempt organization as described in Section 501(c) (3) of the Internal Revenue Code and is classified by the Internal Revenue Services as an organization other than a private foundation. New Horizons, therefore, is not subject to income taxes and, therefore, no provision for income taxes was made in the accompanying financial statements.

The Organization follows the provisions of the Accounting for Uncertainty in Income Taxes Topic of the FASB ASC. All tax returns have been appropriately filed by the Organization. The Organization recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The Organization had no tax interest and penalties for the year ended September 30, 2021.

The Organization's tax filings are subject to audit by various taxing authorities. The Organization's open audit periods are 2018 through 2021. Management evaluated the Organization's tax position and concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

E. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

For purposes of reporting cash flows, New Horizons considers all highly liquid investments in money market funds, operating bank accounts and investments available for current use with initial maturity of three months or less to be cash equivalents.

G. Investments and Fair Value Measurements

FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

- Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority.

NEW HORIZONS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

1. Summary of Significant Accounting Policies (Continued)

- Level 2 uses observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
- Level 3 inputs have the lowest priority. Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing methods, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The certificate of deposit recorded in the accompanying financial statements has a balance of \$35,082. The certificate bears interest of 0.500% with a six-month maturity date of December 13, 2021. The Level 2 input used for the certificates of deposit was cost, which approximates fair value.

H. Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The State of Louisiana and the federal government have a reversionary interest in property purchased with state and federal funds. Its disposition as well as the ownership of any proceeds therefrom is subject to state and federal regulations. All expenditures in excess of \$2,500 for property and equipment are capitalized.

I. Revenue and Support

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

Federal and State contractual grant revenue is reported as unrestricted support due to the restrictions placed on those funds by the funding sources being met in the same reporting period as the revenue is earned.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily

NEW HORIZONS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

1. Summary of Significant Accounting Policies (Continued)

restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

J. Retirement Obligations

The employees of New Horizons are members of the Social Security System. There are no other retirement plans available through New Horizons.

K. Compensated Absences

Annual leave is earned by employees as follows:

<u>Length of Service</u>	<u>Annual Leave Earned</u>
One year	One week
Over five years	Two weeks

Generally, up to four weeks of unused annual leave may be carried over to succeeding fiscal years.

Sick leave is earned at the rate of one day per calendar month of employment, and accumulates up to twelve days. Employees are not compensated for unused sick leave at termination.

L. Advertising

New Horizon's, Inc. expenses advertising costs as incurred. Advertising expense for the year ended September 30, 2021 was \$140.

M. Contributions

In accordance with the *Accounting for Contributions Received and Contributions Made* Topic of FASB ASC (FASB ASC 958), contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Under ASC 958-55, such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the related time restrictions or the funds are expended in accordance with the donor's intention. The Organization has elected to recognize temporarily restricted contributions which are released from the restrictions in the same year as unrestricted contributions.

NEW HORIZONS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

1. Summary of Significant Accounting Policies (Continued)

N. Functional Allocation of Expense

The costs of providing the Organization's programs and services have been summarized on a functional basis in the Statement of Functional Expenses. 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.

O. Donated Services

No amounts have been reflected in the financial statements for donated services requiring specific expertise. However, many individuals volunteer time and perform a variety of tasks that assist the Organization with specific programs and assignment.

2. Concentrations of Credit Risk

Financial instruments that potentially subject New Horizons to concentrations of credit risk consist principally of temporary cash investments and grant receivables.

Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. As of September 30, 2021, New Horizons had no significant concentrations of credit risk in relation to grant receivables.

New Horizons maintains cash balances at one financial institution which, at times, may exceed the federally insured deposit limits. At September 30, 2021, New Horizons had \$221,171 on deposit at this bank. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Management monitors the financial condition of the institution on a regular basis, along with their balances in cash and cash equivalents, to minimize this potential risk.

3. Contract and Grant Receivable

Various funding sources provide reimbursement of allowable costs and payment on units of service in connection with providing services under contracts or grant agreements. This balance represents amounts due from funding sources at September 30, 2021, but received after those dates. The following list indicates those funds due by funding source:

Medicaid	\$ 28,828
Federal and State Contracts	<u>115,430</u>
Total Contract and Grant Receivable	\$ <u>144,258</u>

NEW HORIZONS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

4. Property and Equipment

Property and equipment consisted of the following at September 30, 2021:

	Estimated Depreciable <u>Life</u>	
Furniture and equipment	5 - 7 years	\$12,604
Vehicles	3 - 5 years	22,788
Accumulated depreciation		<u>(35,392)</u>
Net investment in property and equipment		<u>\$ 0</u>

Depreciation expense for the year ended September 30, 2021, was \$3,798.

5. Federal, State and Medicaid Contractual Revenue

During the year ended September 30, 2021, New Horizons received \$1,515,177 in revenue from Federal, State and Medicaid contracts and grants. The continued existence of these funds is based on annual contract renewals with various funding sources. All revenue from these grants is subject to audit and retroactive adjustment by the respective third-party fiscal intermediaries; adjustments in future periods may be necessary as final grant settlements are determined.

6. Leases

New Horizons, Inc., leases office space under several operating leases. Rental costs on those leases for the years ended September 30, 2021, was \$107,499. Commitments under lease agreements having initial or remaining non-cancelable terms in excess of one year as of September 30, 2021, are as follows:

<u>Years Ending September 30</u>	
2022	\$ 75,200
2023	75,200
2024	61,280
2025	61,280
2026	<u>61,280</u>
Total	<u>\$ 334,240</u>

7. Line of Credit

The Organization maintains a credit line for up to \$50,000. There was no outstanding balance on this line of credit on September 30, 2021.

NEW HORIZONS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

8. Economic Dependency

New Horizons receives the majority of its revenue from funds provided by state and federal grants as well as through a contract for patient care services provided to Medicaid eligible individuals. If significant budget cuts are made at the federal and/or state level or the Medicaid contract is not renewed, the amount of funds New Horizons receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Center will receive in the next fiscal year.

9. Board of Directors Compensation

The Board of Directors is a voluntary board: therefore, no compensation or per diem has been paid to any Director

10. Paycheck Protection Program Loan

New Horizons, Inc. received a paycheck protection program loan during the year ended September 30, 2020 in the amount of \$ 167,500. The loan was forgiven in January of 2021 and is included in other income on the statement of activities.

11. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 25, 2022, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

**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
New Horizons, Inc.
Shreveport, Louisiana

I have audited the financial statements of New Horizons, Inc. as of and for the year ended September 30, 2021 and the related notes to the financial statements and have issued my report thereon dated March 25, 2022. I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the New Horizons, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the New Horizon's Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the New Horizons, Inc.'s internal control over financial reporting.

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.

My consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the New Horizons, Inc.'s financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, board of directors, others within the entity, and government entities and is not intended to be and should not be used by anyone other than these specified parties.

Purpose of This Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Paul Dauzat
Certified Public Accountant
March 25, 2022

NEW HORIZONS, INC.
Shreveport, Louisiana

Schedule of Audit Findings a
For the Year Ended September 30, 2021

Section 1-Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	None
Significant deficiencies identified not considered to be material weaknesses	None
Noncompliance material to financial statements:	None
Management letter issued:	None

Section 2-Financial Statement Audit Findings

None

NEW HORIZONS, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED
September 30, 2021

There were no prior year findings for the fiscal year ended September 30, 2020.

NEW HORIZONS, INC.
Shreveport, Louisiana

Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer

Year Ended September 30, 2021

Agency Head Name: Gale Dean, Executive Director

Purpose	Amount
Salary	\$ 49,982
Benefits-Insurance	None
Benefits-Retirement	None
Accrued Leave	None
Car Allowance	None
Vehicle Provided By Government	None
Per Diem	None
Reimbursements	None
Travel	None
Registration Fees	None
Conference Travel	None
Continuing Professional Education Fees	None
Housing	None
Unvouchered Expenses	None
Special Meals	None