

Financial Report
Raintree Services, Inc.
June 30, 2022



Financial Report

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June 30, 2022

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Raintree Services, Inc.,
New Orleans, Louisiana.

Opinion

We have audited the accompanying financial statements of Raintree Services, Inc. (the "Agency"), a non-profit organization, which comprise the statement of financial position as of June 30, 2022, 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 referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2022, and the changes in 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 the Agency 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 Raintree Services, 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 include collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 the Agency'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 the Agency'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, across 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Support and Revenues and Expenses (Schedule 1) is presented for purposes of additional analysis and is not a required part of the financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer (Schedule 2) is presented for purposes of additional analysis and is required by Louisiana Revised Statute 24:513(A)(3) and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2022, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Agency's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 2, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountants.

New Orleans, Louisiana,
November 22, 2022.

STATEMENT OF FINANCIAL POSITION**Raintree Services, Inc.**

June 30, 2022
(with comparative totals for 2021)

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 84,538	\$ 209,329
Service fees receivable	153,727	105,847
Prepaid expenses	87,891	73,717
Investments	4,040,410	4,707,922
Property and equipment, net of accumulated depreciation	<u>427,467</u>	<u>427,688</u>
Total assets	<u><u>\$4,794,033</u></u>	<u><u>\$5,524,503</u></u>
Liabilities		
Accounts payable	\$ 15,901	\$ 6,409
Accrued vacation	40,797	32,872
Deferred revenue	<u>-</u>	<u>45,392</u>
Total liabilities	<u>56,698</u>	<u>84,673</u>
Net Assets		
Without donor restrictions	<u>4,737,335</u>	<u>5,439,830</u>
Total liabilities and net assets	<u><u>\$4,794,033</u></u>	<u><u>\$5,524,503</u></u>

See notes to financial statements.

STATEMENT OF ACTIVITIES**Raintree Services, Inc.**

For the year ended June 30, 2022
(with comparative totals for 2021)

	<u>2022</u>	<u>2021</u>
Support and Revenues		
Raintree House	\$1,124,619	\$ 788,531
Foster Care	679,289	829,051
Family Support Coordination	164,125	190,217
Special fundraising events (net of \$35,229 direct benefit to donor costs for 2022)	190,793	15,582
Contributions and private grants	97,219	75,448
United Way grants and designations	2,301	2,647
Investment income (loss)	(656,757)	796,616
Other income	-	228,171
	<u>1,601,589</u>	<u>2,926,263</u>
Expenses		
Program services:		
Raintree House	878,005	709,649
Foster Care	566,599	643,278
Family Support Coordination	237,174	269,747
General and administrative	558,565	495,008
Fundraising	63,741	80,917
	<u>2,304,084</u>	<u>2,198,599</u>
Increase (Decrease) in Net Assets	(702,495)	727,664
Net Assets		
Beginning of year	<u>5,439,830</u>	<u>4,712,166</u>
End of year	<u><u>\$4,737,335</u></u>	<u><u>\$5,439,830</u></u>

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES**Raintree Services, Inc.**

For the year ended June 30, 2022
(with comparative totals for 2021)

	Program Services			Total Program Services	General and Administrative	Fundraising	2022 Totals	2021 Totals Only
	Raintree House	Foster Care	Family Support Coordination					
Advertising and promotion	\$ -	\$ 2,107	\$ -	\$ 2,107	\$ -	\$ 5,290	\$ 7,397	\$ 9,873
Bad debts	-	-	4,961	4,961	-	-	4,961	22,964
Bank charges	-	-	-	-	65	-	65	301
Consultants	2,099	401	690	3,190	42,416	176	45,782	29,388
Contracted services	16,213	-	8,604	24,817	-	-	24,817	18,762
Dietary expenses	14,716	-	-	14,716	-	-	14,716	15,915
Dues and subscriptions	1,000	1,000	-	2,000	1,978	-	3,978	3,451
Foster Care parent expenses	-	302,416	-	302,416	-	-	302,416	385,592
Health insurance	55,470	21,764	22,524	99,758	36,280	3,252	139,290	119,101
Housekeeping and laundry	3,080	-	-	3,080	-	-	3,080	2,020
Insurance	64,718	12,531	12,283	89,532	18,023	170	107,725	100,719
Licenses and permits	612	50	600	1,262	190	-	1,452	921
Medical	2,569	-	-	2,569	-	-	2,569	1,456
Occupancy:								
Depreciation	26,417	-	(1,651)	24,766	19,044	-	43,810	48,817
Maintenance, buildings, and grounds	1,796	172	472	2,440	11,913	-	14,353	13,792
Outside services	5,804	-	-	5,804	-	-	5,804	2,821
Repairs, buildings, and grounds	677	-	-	677	14,338	-	15,015	9,142
Repairs, furniture, and equipment	207	-	-	207	1,678	-	1,885	3,741
Supplies	-	1,420	2,648	4,068	99	-	4,167	690
Utilities	19,893	1,786	1,809	23,488	1,861	-	25,349	21,766
Other	4,348	6,903	446	11,697	27,717	621	40,035	54,611
Payroll taxes	42,969	13,114	12,153	68,236	22,597	3,505	94,338	84,397
Personal client needs	20,375	12,758	-	33,133	-	-	33,133	28,335
Postage	41	41	99	181	865	-	1,046	599
Printing and office supplies	6,532	990	1,155	8,677	13,438	2,834	24,949	13,510
Professional services	1,843	879	773	3,495	29,232	-	32,727	30,467
Recreational expenses	5,231	-	-	5,231	-	-	5,231	11,091
Salaries	567,267	175,944	163,097	906,308	310,284	46,828	1,263,420	1,130,490
Special events expenses	-	-	-	-	-	35,229	35,229	-
Telephone	3,545	2,945	3,345	9,835	4,198	1,065	15,098	16,194
Therapeutic and training supplies	5,437	4,245	-	9,682	2,220	-	11,902	5,766
Travel and seminars	5,146	5,133	3,166	13,445	129	-	13,574	11,907
	<u>878,005</u>	<u>566,599</u>	<u>237,174</u>	<u>1,681,778</u>	<u>558,565</u>	<u>98,970</u>	<u>2,339,313</u>	<u>2,198,599</u>
Less allocation of direct benefit to donor costs	-	-	-	-	-	35,229	35,229	-
Totals	<u>\$878,005</u>	<u>\$566,599</u>	<u>\$237,174</u>	<u>\$1,681,778</u>	<u>\$558,565</u>	<u>\$63,741</u>	<u>\$2,304,084</u>	<u>\$2,198,599</u>

See notes to financial statements.

STATEMENT OF CASH FLOWS**Raintree Services, Inc.**

For the year ended June 30, 2022
(with comparative totals for 2021)

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ (702,495)	\$727,664
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Bad debts	4,961	22,964
Depreciation	43,810	48,817
Realized and unrealized loss (gain) on investments, net	898,292	(665,909)
Loss on disposal of assets	44,116	-
Paycheck Protection Program loan forgiveness	-	(250,515)
(Increase) decrease in operating assets:		
Service fees receivable	(52,841)	81,840
Prepaid expenses	(14,174)	(23,410)
Increase (decrease) in operating liabilities:		
Accounts payable	9,492	(1,382)
Accrued vacation	7,925	(5,297)
Deferred revenue	(45,392)	42,892
	<u>193,694</u>	<u>(22,336)</u>
Cash Flows From Investing Activities:		
Purchases of investments	(2,539,617)	(709,510)
Proceeds from sales of investments	2,308,837	596,428
Purchases of property and equipment	(87,705)	(27,554)
	<u>(318,485)</u>	<u>(140,636)</u>
Net Decrease in Cash and Cash Equivalents	(124,791)	(162,972)
Cash and Cash Equivalents		
Beginning of year	<u>209,329</u>	<u>372,301</u>
End of year	<u>\$ 84,538</u>	<u>\$209,329</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Raintree Services, Inc.**

June 30, 2022 and 2021

Note 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a. Nature of Activities**

Raintree Services, Inc. (the "Agency"), a non-profit organization incorporated under the laws of the State of Louisiana, provides services and support principally to children through young adults in the community. The Agency provides these services through three programs: Raintree House, Therapeutic Family Care and Private Family Care ("Foster Care programs"), and Family Support Coordination. Funding for Raintree House and Foster Care is through contracted rates with various agencies of the State of Louisiana for services provided.

b. Basis of Accounting

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

c. Basis of Presentation

The Agency classifies its net assets, revenues, and expenses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Support, revenue, and expenses for general operations.

Net Assets With Donor Restrictions - Contributions specifically authorized by the grantor or donor to be used for a certain purpose or to benefit a specific accounting period or contributions subject to donor-imposed restrictions and that are to be held in perpetuity by the Agency. As of June 30, 2022 and 2021, the Agency did not have any net assets with donor restrictions.

Note 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Estimates

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

e. Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, the Agency considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

f. Service Fees Receivable

Service fees receivable consists primarily of unsecured amounts due from various governmental agencies. The difference between the amount due and the amount management expects to collect is reported as bad debts using the direct write-off method. Accounting principles generally accepted in the United States of America require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed. Management believes that all balances as of June 30, 2022 and 2021 are collectible and that an allowance for doubtful receivables was not necessary.

g. Contributions and Revenue Recognition

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, "*Revenue from Contracts with Customers*" (Topic 606). This ASU implements a single framework for revenue recognition, ensuring that revenue is recognized in a manner which reflects the consideration to which the entity expects to be entitled in exchange for goods and services. The Agency adopted ASU No. 2014-09 during the year ended June 30, 2021 using a full retrospective method of application.

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

Note 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Contributions and Revenue Recognition (Continued)

Contributions that are restricted by the donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as increase in net assets with donor restrictions, depending on the nature of the restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose of restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying Statement of Activities as net assets released from restrictions.

Revenues from contracted services for the Raintree House, Foster Care and Family Support Coordination Programs are presented at transaction prices in the form of per diem rates as set by the State of Louisiana, Department of Social Services.

Special Events

The Agency conducts fundraisers in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefit received by the participant of the event, the exchange component, and a portion represents a contribution to the Agency. The fair value of meals, entertainment, and benefits provided by the event is measured at the actual cost to the Agency. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs, which ultimately benefit the donor rather than the Agency, are recorded as fundraising expenses in the Statement of Activities. The performance obligation is the event. ASU No. 2014-09 requires allocation of the transaction price to the performance obligation. Accordingly, the Agency separately presents in Note 8 the exchange and contribution components of the gross proceeds from special events.

h. Investments

Investments in mutual funds with readily determinable fair values and the certificate of deposit measured at fair value in the Statement of Financial Position. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the Statement of Activities as increases or decreases in unrestricted net assets unless the income is restricted by donor or law.

Note 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Property and Equipment

Property and equipment acquired prior to 1979, which primarily consists of the land and building, are recorded at their appraised fair market value as of June 30, 1979, because historical costs were not available. Other items of property and equipment are recorded at cost if purchased or at fair market value at the date of donation if donated. Repairs and maintenance are charged to expense as incurred; major renewals and replacements and betterments are capitalized. Depreciation is computed using the straight-line method over the estimated useful life of each asset which range from three to forty years.

j. Donated Services of Volunteers

Donated services have not been reflected in the financial statements since no objective basis is available to measure the value of such services and management believes that the requirements for recording in-kind services have not been met. A substantial number of volunteers donate significant amounts of their time in the Agency's program and supporting services.

k. Functional Allocation of Expenses

Most of the expenses can be directly allocated to programs or supporting functions. The financial statements also report certain categories of expenses that are attributable to both programs and supporting functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated based on estimates of time and effort include salaries, payroll taxes, health insurance and medical expenses. Other expenses are allocated on the basis of estimates of usage.

l. Income Taxes

The Agency has received a letter of determination from the Internal Revenue Service advising that it qualifies as a non-profit corporation under Section 501(c)(3) of the Internal Revenue Code, and therefore, is not subject to income tax.

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosures of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. Tax years ended June 30, 2019 and later remain subject to examination by the taxing authorities. As of June 30, 2022, management of the Agency believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Note 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Recently Issued Accounting Standards

Leases

In February 2016, the FASB issued ASU No. 2016-02, "*Leases*" (Topic 842). ASU No. 2016-02 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the Statement of Financial Position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the Statement of Activities and the Statement of Cash Flows will be substantially unchanged from the existing lease accounting guidance. The ASU is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Agency is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

In November 2021, the FASB issued ASU No. 2021-09, "*Leases*" (Topic 842) "*Discount Rate for Lessees That Are Not Public Business Entities*". This ASU currently provides lessees that are not public business entities with a practical expedient that allows them to elect, as an accounting policy, to use a risk-free rate as the discount rate for all leases. The amendments in this update allow those lessees to make the risk-free rate election by class of underlying asset, rather than at the entity-wide level. An entity that makes the risk-free rate election is required to disclose which asset classes it has elected to apply a risk-free rate. The amendments require that when the rate implicit in the lease is readily determinable for any individual lease, the lessee use that rate (rather than a risk-free rate or an incremental borrowing rate), regardless of whether it has made the risk-free rate election. Entities that have not yet adopted Topic 842 as of November 11, 2021, are required to adopt the amendments in this update at the same time that they adopt Topic 842.

Contributed Non-Financial Assets

In September 2020, the FASB issued ASU No. 2020-07, "*Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*" Topic (958). The ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The ASU is effective for fiscal years beginning after June 15, 2022. The Agency is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

Note 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through November 22, 2022, which is the date the financial statements were available to be issued.

Note 2 - CONCENTRATION OF CREDIT RISK

Raintree Services, Inc. maintains cash accounts at several financial institutions located in southeast Louisiana. The Federal Deposit Insurance Corporation insures accounts at each institution up to \$250,000 as of June 30, 2022. As of June 30, 2022, the Agency did not have any uninsured cash or cash equivalents.

Note 3 - INVESTMENTS

As of June 30, 2022, investments are composed of the following:

	Cost	Market Value	Excess of Cost Over Market Value
Mutual funds	\$4,197,539	\$4,035,688	\$(161,851)
Money market Account	1,662	1,662	-
Certificate of deposit	3,060	3,060	-
Totals	\$4,202,261	\$4,040,410	\$(161,851)
			Excess of Market Value Over Cost (Cost Over Market Value)
	Cost	Market Value	
Balances at June 30, 2022	\$4,202,261	\$4,040,410	\$(161,851)
Balances at June 30, 2021	\$3,963,532	\$4,707,922	744,390
Decrease in unrealized appreciation			\$(906,241)

Note 3 - INVESTMENTS (Continued)

As of June 30, 2021, investments are composed of the following:

	Cost	Market Value	Excess of Market Value Over Cost
Mutual funds	\$3,960,475	\$4,704,865	\$744,390
Certificate of deposit	3,057	3,057	-
Totals	<u>\$3,963,532</u>	<u>\$4,707,922</u>	<u>\$744,390</u>
	Cost	Market Value	Excess of Market Value Over Cost
Balances at June 30, 2021	<u>\$3,963,532</u>	<u>\$4,707,922</u>	\$744,390
Balances at June 30, 2020	<u>\$3,812,667</u>	<u>\$3,928,931</u>	<u>116,264</u>
Increase in unrealized appreciation			<u>\$628,126</u>

Investment income (loss) for the years ended June 30, 2022 and 2021 is summarized as follows:

	2022	2021
Unrealized gain (loss)	\$(906,241)	\$628,126
Realized gain on sales of investments	7,949	37,783
Dividends, interest, and capital gain distributions	261,514	150,183
Investment fees	(19,979)	(19,476)
Net investment income (loss)	<u>\$(656,757)</u>	<u>\$796,616</u>

Note 4 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Agency has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2022 and 2021.

Certificate of deposit: Stated at cost, which approximates fair value.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Agency are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Agency are deemed to be actively traded.

Note 4 - FAIR VALUE MEASUREMENTS (Continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Agency believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value of measurement at the reporting date.

Assets measured at fair value on a recurring basis as of June 30, 2022 and 2021 are comprised of and determined as follows:

Description	Total Assets Measured at Fair Value	% of Total	2022		
			Based on		
			Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Mutual funds:					
Multisector bond	\$ 1,223,456	30.29	\$ 1,223,456	\$ -	\$ -
Intermediate core bond	1,220,335	30.20	1,220,335	-	-
Foreign large blend	401,749	9.94	401,749	-	-
Large growth	395,857	9.80	395,857	-	-
Large value	395,308	9.79	395,308	-	-
Small growth	199,725	4.94	199,725	-	-
Small value	199,258	4.93	199,258	-	-
Money market account	1,662	0.04	1,662	-	-
Certificate of deposit	3,060	0.07	3,060	-	-
Totals	<u>\$4,040,410</u>	<u>100.00</u>	<u>\$ 4,040,410</u>	<u>\$ -</u>	<u>\$ -</u>
Description	Total Assets Measured at Fair Value	% of Total	2021		
			Based on		
			Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Mutual funds:					
Multisector bond	\$ 1,145,133	24.33	\$ 1,145,133	\$ -	\$ -
Intermediate core bond	1,135,795	24.13	1,135,795	-	-
Large value	745,695	15.84	745,695	-	-
Large growth	743,075	15.78	743,075	-	-
Foreign large blend	460,856	9.79	460,856	-	-
Small blend	254,971	5.42	254,971	-	-
Small growth	219,340	4.66	219,340	-	-
Certificate of deposit	3,057	0.05	3,057	-	-
Totals	<u>\$4,707,922</u>	<u>100.00</u>	<u>\$4,707,922</u>	<u>\$ -</u>	<u>\$ -</u>

As of June 30, 2022 and 2021, there were no assets measured at fair value on a non-recurring basis.

Note 5 - PROPERTY AND EQUIPMENT

A summary of property and equipment as of June 30, 2022 and 2021 is as follows:

	2022	2021
Land	\$ 90,000	\$ 90,000
Buildings and improvements	1,097,313	1,185,732
Furniture and equipment	223,137	220,456
Automobiles	62,446	62,446
	1,472,896	1,558,634
Less accumulated depreciation	(1,045,429)	(1,130,946)
Totals	\$ 427,467	\$ 427,688

Depreciation expense for the years ended June 30, 2022 and 2021 was \$43,810 and \$48,817, respectively.

Note 6 - NOTE PAYABLE

The Agency received a \$250,515 loan from Hancock Whitney Bank under the Paycheck Protection Program (PPP) of the U.S. Small Business Administration (SBA) in April 2020. During the year ended June 30, 2021, the loan was forgiven and is included in other income on the Statement of Activities.

Note 7 - AVAILABILITY OF FINANCIAL ASSETS

The Agency is substantially supported by government contracts as discussed in Note 9. The Agency is also supported by contributions on an unrestricted and restricted basis. Because a donor's restriction may require resources to be used in a particular manner or in a future period, the Agency must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Agency's liquidity management, management has established a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Management has established guidelines for making decisions related to managing short-term cash reserves and other investments in a prudent manner.

The Agency did not have any agency-designated reserves as of June 30, 2022.

Note 7 - AVAILABILITY OF FINANCIAL ASSETS (Continued)

The following reflects the Agency's financial assets as of June 30, 2022. There were no donor-imposed restrictions as of June 30, 2022.

Financial assets:	
Cash and cash equivalents	\$ 84,538
Service fees receivable	153,727
Investments	<u>4,040,410</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$4,278,675</u>

Note 8 - SPECIAL EVENT REVENUE

Gross receipts from special fundraising events for the year ended June 30, 2022 consist of exchange transaction revenue and contribution revenue. The components of revenue are as follows:

Contributions	\$ 189,122
Special event revenue - ticket sales	<u>36,900</u>
Special events - gross	226,022
Less: cost of direct donor benefit	<u>(35,229)</u>
Special events - net	<u>\$ 190,793</u>

The June 30, 2021 event was a virtual event with only sales of auction items with no costs incurred.

Note 9 - ECONOMIC DEPENDENCY

During the years ended June 30, 2022 and 2021, the Agency received \$1,692,778 and \$1,475,907, respectively, of its support and program revenues, through the State of Louisiana, Department of Social Services in the form of a per diem rate set by their office. Should the contracted services be discontinued or the per diem contract rate be substantially reduced, the Agency would be required to obtain other sources of funding in order to maintain its present level of services.

Additionally, during the years ended June 30, 2022 and 2021, the Agency received \$164,125 and \$190,217, respectively, of its support and program revenues, in the form of Medicaid reimbursements for Family Support Coordination. The Medicaid intermediary for Medicaid patients reimburses for services rendered to Medicaid program beneficiaries under an agreement with fixed monthly rates that is subject to audit and retroactive adjustments. Management does not believe that the ultimate outcome of any cost report audit will have a significant impact on the Agency's financial statements.

Note 10 - RISKS AND UNCERTAINTIES

In general, investments in various securities, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risk in the near term would materially affect the fair market value of investments held by the Agency.

Note 11 - RISK MANAGEMENT

The Agency is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settlement claims that exceeded this commercial coverage during the years ended June 30, 2022 and 2021.

SUPPLEMENTAL INFORMATION

SCHEDULE OF SUPPORT AND REVENUES AND EXPENSES**Raintree Services, Inc.**

June 30, 2022
(with comparative totals for 2021)

	2022			2021		
	<u>Support and Revenues</u>	<u>Expenses</u>	<u>Net</u>	<u>Support and Revenues</u>	<u>Expenses</u>	<u>Net</u>
Program services:						
Raintree House	\$1,124,619	\$ 878,005	\$ 246,614	\$ 788,531	\$ 709,649	\$ 78,882
Foster Care	679,289	566,599	112,690	829,051	643,278	185,773
Family Support Coordination	164,125	237,174	(73,049)	190,217	269,747	(79,530)
Total program services	1,968,033	1,681,778	286,255	1,807,799	1,622,674	185,125
Contributions	69,719	-	69,719	47,948	-	47,948
Private grants	27,500	-	27,500	27,500	-	27,500
United Way grants and designations	2,301	-	2,301	2,647	-	2,647
Investment income (loss)	(656,757)	-	(656,757)	796,616	-	796,616
Other income	-	-	-	228,171	-	228,171
Special events	226,022	35,229	190,793	15,582	-	15,582
General and administrative	-	558,565	(558,565)	-	495,008	(495,008)
Fundraising - other	-	63,741	(63,741)	-	80,917	(80,917)
Totals	<u>\$1,636,818</u>	<u>\$2,339,313</u>	<u>\$(702,495)</u>	<u>\$2,926,263</u>	<u>\$2,198,599</u>	<u>\$727,664</u>

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

Raintree Services, Inc.

For the year ended June 30, 2022

Agency Head Name: LaShawna Schofield, Executive Director

Purpose

Salary	\$123,453
Benefits - insurance	7,587
Benefits - retirement	0
Benefits - other	81
Bonus	8,278
Car allowance	0
Vehicle provided by government	0
Per diem	0
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0
Special meals	0
	<hr/>
	\$139,399

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

**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,
Raintree Services, Inc.,
New Orleans, Louisiana.

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 Raintree Services, Inc. (a nonprofit organization) (the "Agency"), which comprise the statement of financial position as of June 30, 2022, and the related statements 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 November 22, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency'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 the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants.

New Orleans, Louisiana,
November 22, 2022.

SCHEDULE OF FINDINGS AND RESPONSES

Raintree Services, Inc.

For the year ended June 30, 2022

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be a material weakness? Yes None reported

Noncompliance material to financial statements noted? Yes No

b) Federal Awards

Raintree Services, Inc. did not receive Federal awards in excess of \$750,000 during the year ended June 30, 2022 and, therefore, is exempt from the audit requirements under the Uniform Guidance.

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

No findings were reported during the audit of the year ended June 30, 2022 related to internal control over financial reporting.

Compliance and Other Matters

No findings were reported during the audit of the year ended June 30, 2022 related to compliance and other matters.

Section III - Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Raintree Services, Inc.

For the year ended June 30, 2022

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

No findings were reported during the audit of the year ended June 30, 2021 related to internal control over financial reporting.

Compliance and Other Matters

No findings were reported during the audit of the year ended June 30, 2021 related to compliance and other matters.

Section II - Internal Control and Compliance Material to Federal Awards

Raintree Services, Inc. did not receive Federal awards in excess of \$750,000 during the year ended June 30, 2021 and, therefore, is exempt from the audit requirements under the Uniform Guidance.

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2021.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Raintree Services, Inc.

For the year ended June 30, 2022

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

No findings were reported during the audit of the year ended June 30, 2022 related to internal control over financial reporting.

Compliance and Other Matters

No findings were reported during the audit of the year ended June 30, 2022 related to compliance and other matters.

Section II - Internal Control and Compliance Material to Federal Awards

Raintree Services, Inc. did not receive Federal awards in excess of \$750,000 during the year ended June 30, 2022 and, therefore, is exempt from the audit requirements under the Uniform Guidance.

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2022.