

*Financial Report*  
*Raintree Services, Inc.*  
*June 30, 2021*



*Financial Report*

*Raintree Services, Inc.*

*June 30, 2021*

## **TABLE OF CONTENTS**

### **Raintree Services, Inc.**

June 30, 2021 and 2020

	<u>Page Numbers</u>
<b>Financial Section</b>	
Independent Auditor's Report	1 - 2
<b>Exhibits</b>	
A - Statement of Financial Position	3
B - Statement of Activities	4
C - Statement of Functional Expenses	5
D - Statement of Cash Flows	6
E - Notes to Financial Statements	7 - 17
<b>Supplemental Information</b>	
1 - Schedule of Support and Revenues and Expenses	18
2 - Schedule of Compensation, Benefits, and Other Payments To Agency Head or Chief Executive Officer	19
<b>Special Reports of Certified Public Accountants</b>	
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 <i>Government Auditing Standards</i>	20 - 21
Schedule of Findings and Responses	22
<b>Reports by Management</b>	
Schedule of Prior Year Findings and Responses	23
Management's Corrective Action Plan	24

**FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Other 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 **December 2, 2021**, 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 Raintree Services, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 28, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountants.

New Orleans, Louisiana,  
December 2, 2021.

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

June 30, 2021  
(with comparative totals for 2020)

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 209,329	\$ 372,301
Service fees receivable	105,847	210,651
Prepaid expenses	73,717	50,307
Investments	4,707,922	3,928,931
Property and equipment, net of accumulated depreciation	<u>427,688</u>	<u>448,951</u>
Total assets	<u><u>\$5,524,503</u></u>	<u><u>\$5,011,141</u></u>
<b>Liabilities</b>		
Accounts payable	\$ 6,409	\$ 7,791
Accrued vacation	32,872	38,169
Deferred revenue	45,392	2,500
Note payable	<u>-</u>	<u>250,515</u>
Total liabilities	<u>84,673</u>	<u>298,975</u>
<b>Net Assets</b>		
Without donor restrictions	<u>5,439,830</u>	<u>4,712,166</u>
Total liabilities and net assets	<u><u>\$5,524,503</u></u>	<u><u>\$5,011,141</u></u>

See notes to financial statements.

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

For the year ended June 30, 2021  
(with comparative totals for 2020)

	<u>2021</u>	<u>2020</u>
<b>Support and Revenues</b>		
Raintree House	\$ 788,531	\$ 813,195
Foster Care	829,051	887,268
Family Support Coordination	190,217	235,790
Contributions and private grants	75,448	201,507
United Way grants and designations	2,647	5,021
Investment income	796,616	121,551
Other income	228,171	5,202
Special event (virtual gala)	15,582	-
	<u>2,926,263</u>	<u>2,269,534</u>
<b>Expenses</b>		
Program services:		
Raintree House	709,649	680,255
Foster Care	643,278	685,487
Family Support Coordination	269,747	284,690
General and administrative	495,008	448,577
Fundraising	80,917	112,713
	<u>2,198,599</u>	<u>2,211,722</u>
<b>Increase in Net Assets</b>	727,664	57,812
<b>Net Assets</b>		
Beginning of year	<u>4,712,166</u>	<u>4,654,354</u>
End of year	<u>\$ 5,439,830</u>	<u>\$ 4,712,166</u>

See notes to financial statements.



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

For the year ended June 30, 2021  
(with comparative totals for 2020)

	Program Services			Total Program Services	General and Administrative	Fundraising	2021 Totals	2020 Totals Only
	Raintree House	Foster Care	Family Support Coordination					
Advertising and promotion	\$ 19	\$ 2,505	\$ -	\$ 2,524	\$ -	\$ 7,349	\$ 9,873	\$ 5,680
Bad debts	16,848	-	-	16,848	6,116	-	22,964	-
Bank charges	-	-	-	-	301	-	301	509
Consultants	503	378	429	1,310	28,078	-	29,388	1,303
Contracted services	7,920	-	10,842	18,762	-	-	18,762	15,955
Dietary expenses	15,915	-	-	15,915	-	-	15,915	18,630
Dues and subscriptions	1,000	1,000	-	2,000	1,451	-	3,451	3,334
Foster Care parent expenses	-	385,592	-	385,592	-	-	385,592	400,645
Health insurance	42,850	22,021	26,560	91,431	22,118	5,552	119,101	157,245
Housekeeping and laundry	2,020	-	-	2,020	-	-	2,020	2,885
Insurance	56,762	9,373	9,150	75,285	24,994	440	100,719	80,091
Licenses and permits	-	-	600	600	321	-	921	1,563
Medical	1,456	-	-	1,456	-	-	1,456	1,215
Occupancy:								
Depreciation	26,494	-	2,477	28,971	19,846	-	48,817	47,964
Maintenance, buildings, and grounds	6,318	-	-	6,318	7,474	-	13,792	21,516
Outside services	2,821	-	-	2,821	-	-	2,821	3,757
Repairs, buildings, and grounds	9,142	-	-	9,142	-	-	9,142	7,083
Repairs, furniture, and equipment	2,593	-	-	2,593	1,148	-	3,741	1,769
Supplies	-	-	582	582	108	-	690	2,484
Utilities	15,795	2,249	1,796	19,840	1,926	-	21,766	23,492
Other	3,945	7,275	348	11,568	35,280	7,763	54,611	28,852
Payroll taxes	32,104	12,818	14,358	59,280	21,110	4,007	84,397	88,288
Personal client needs	13,999	14,336	-	28,335	-	-	28,335	35,414
Postage	110	110	-	220	260	119	599	2,309
Printing and office supplies	1,445	964	1,427	3,836	8,309	1,365	13,510	14,512
Professional services	1,156	567	376	2,099	28,368	-	30,467	31,264
Recreational expenses	11,091	-	-	11,091	-	-	11,091	3,046
Salaries	425,901	173,847	193,337	793,085	284,065	53,340	1,130,490	1,171,082
Telephone	4,461	3,527	4,093	12,081	3,174	939	16,194	15,590
Therapeutic and training supplies	3,728	1,509	5	5,242	524	-	5,766	5,978
Travel and seminars	3,253	5,207	3,367	11,827	37	43	11,907	18,267
Totals	<u>\$709,649</u>	<u>\$643,278</u>	<u>\$269,747</u>	<u>\$1,622,674</u>	<u>\$495,008</u>	<u>\$ 80,917</u>	<u>\$2,198,599</u>	<u>\$2,211,722</u>

See notes to financial statements.

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

For the year ended June 30, 2021  
(with comparative totals for 2020)

	<u>2021</u>	<u>2020</u>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$727,664	\$ 57,812
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Bad debts	22,964	-
Depreciation	48,817	47,964
Realized and unrealized (gain) loss on investments, net	(665,909)	15,199
Loss on disposal of assets	-	4,413
Paycheck Protection Program loan forgiveness	(250,515)	-
(Increase) decrease in operating assets:		
Service fees receivable	81,840	(38,630)
Prepaid expenses	(23,410)	(4,673)
Increase (decrease) in operating liabilities:		
Accounts payable	(1,382)	(3,949)
Accrued vacation	(5,297)	7,930
Deferred revenue	42,892	2,500
Net cash provided by (used in) operating activities	<u>(22,336)</u>	<u>88,566</u>
<b>Cash Flows From Investing Activities:</b>		
Purchases of investments	(709,510)	(1,994,127)
Proceeds from sales of investments	596,428	1,857,359
Purchases of property and equipment	<u>(27,554)</u>	<u>(2,618)</u>
Net cash used in investing activities	<u>(140,636)</u>	<u>(139,386)</u>
<b>Cash Flows From Functioning Activities:</b>		
Proceeds from Paycheck Protection Program loan	<u>-</u>	<u>250,515</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>(162,972)</u>	<u>199,695</u>
<b>Cash and Cash Equivalents</b>		
Beginning of year	<u>372,301</u>	<u>172,606</u>
End of year	<u><u>\$209,329</u></u>	<u><u>\$ 372,301</u></u>

See notes to financial statements.

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

June 30, 2021 and 2020

**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, 2021 and 2020, 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, 2021 and 2020 are collectible and that an allowance for doubtful receivables was not necessary.

**g. Contributions and Revenue Recognition**

In May 2017, 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.

**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.

**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.

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

**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, 2018 and later remain subject to examination by the taxing authorities. As of June 30, 2021, management of the Agency believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

**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.

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

**m. Recently Issued Accounting Standards (Continued)**

**Revenue from Contracts with Customers**

In May 2014, the FASB issued ASU No. 2014-09, "*Revenue from Contracts with Customers*" (Topic 606), which provides a single comprehensive model for entities to use in accounting for revenue from contracts with customers and supersedes most current revenue recognition models. Subsequent to the issuance of ASU No. 2014-09, FASB issued several additional ASUs which amended and clarified the guidance and deferred the effective date. There was no material impact to the financial statements as a result of the adoption of this standard.

**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 December 2, 2021, 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, 2021. As of June 30, 2021, the Agency did not have any uninsured cash or cash equivalents.

**Note 3 - INVESTMENTS**

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

	Cost	Market Value	Excess of Market Value Cost Over
Mutual funds	\$3,960,475	\$4,704,865	\$744,390
Certificate of deposit	3,057	3,057	-
Totals	\$3,963,532	\$4,707,922	\$744,390

**Note 3 - INVESTMENTS (Continued)**

	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>	116,264
Increase in unrealized appreciation			<u>\$628,126</u>

As of June 30, 2020, investments are composed of the following:

	Cost	Market Value	Excess of Market Value Over Cost
Mutual funds	\$3,809,614	\$3,925,878	\$116,264
Certificate of deposit	<u>3,053</u>	<u>3,053</u>	<u>-</u>
Totals	<u>\$3,812,667</u>	<u>\$3,928,931</u>	<u>\$116,264</u>

	Cost	Market Value	Excess of Market Value Over Cost
Balances at June 30, 2020	<u>\$3,812,667</u>	<u>\$3,928,931</u>	\$116,264
Balances at June 30, 2019	<u>\$3,743,480</u>	<u>\$3,807,362</u>	63,882
Increase in unrealized appreciation			<u>\$ 52,382</u>



**Note 3 - INVESTMENTS (Continued)**

Investment income for the years ended June 30, 2021 and 2020 is summarized as follows:

	2021	2020
Unrealized gain	\$628,126	\$ 52,382
Realized gain (loss) on sales of investments	37,783	(67,581)
Dividends, interest, and capital gain distributions	150,183	155,799
Investment fees	(19,476)	(19,049)
Net investment income	\$796,616	\$121,551

**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.

**Note 4 - FAIR VALUE MEASUREMENTS (Continued)**

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, 2021 and 2020.

*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.

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, 2021 and 2020 are comprised of and determined as follows:

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	24.32	\$ 1,145,133		
Large growth	743,075	15.78	743,075		
Large value	745,695	15.84	745,695		
Foreign large blend	460,856	9.79	460,856		
Small growth	219,340	4.66	219,340		
Small value	254,971	5.42	254,971		
Intermediate core bond	1,135,795	24.13	1,135,795		
Certificate of deposit	3,057	0.05	3,057		
Totals	<u>\$ 4,707,922</u>	<u>99.99</u>	<u>\$ 4,707,922</u>	<u>\$ -</u>	<u>\$ -</u>

**Note 4 - FAIR VALUE MEASUREMENTS (Continued)**

Description	Total Assets Measured at Fair Value	% of Total	2020		
			Quoted Prices in Active Markets (Level 1)	Based on Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Mutual funds:					
Multisector bond	\$ 1,144,495	29.13	\$ 1,144,495		
Large growth	337,939	8.60	337,939		
Large value	878,427	22.36	878,427		
Foreign large blend	168,780	4.30	168,780		
Small growth	201,570	5.13	201,570		
Small blend	1,194,667	30.41	1,194,667		
Certificate of deposit	3,053	0.07	3,053		
Totals	<u>\$ 3,928,931</u>	<u>100.00</u>	<u>\$ 3,928,931</u>	<u>\$ -</u>	<u>\$ -</u>

As of June 30, 2021 and 2020, 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, 2021 and 2020 is as follows:

	2021	2020
Land	\$ 90,000	\$ 90,000
Buildings and improvements	1,185,732	1,158,180
Furniture and equipment	220,456	220,456
Automobiles	62,446	62,446
	1,558,634	1,531,082
Less accumulated depreciation	<u>(1,130,946)</u>	<u>(1,082,131)</u>
Totals	<u>\$ 427,688</u>	<u>\$ 448,951</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$48,817 and \$47,964, respectively.

**Note 6 - NOTE PAYABLE**

The Company 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 8. 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, 2021.

The following reflects the Agency's financial assets as of June 30, 2021. There were no donor-imposed restrictions as of June 30, 2021.

Financial assets:	
Cash and cash equivalents	\$ 209,329
Service fees receivable	105,847
Investments	<u>4,707,922</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,023,098</u>

**Note 8 - ECONOMIC DEPENDENCY**

During the years ended June 30, 2021 and 2020, the Agency received \$1,475,907 and \$1,550,113, respectively, approximately 50% and 68%, 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.

**Note 8 - ECONOMIC DEPENDENCY (Continued)**

Additionally, during the years ended June 30, 2021 and 2020, the Agency received \$190,217 and \$235,790, respectively, and approximately 7% and 10%, 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 9 - 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 10 - 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, 2021 and 2020.

**SUPPLEMENTAL INFORMATION**

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

June 30, 2021  
(with comparative totals for 2020)

	2021			2020		
	<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	\$ 788,531	\$ 709,649	\$ 78,882	\$ 813,195	\$ 680,255	\$ 132,940
Foster Care	829,051	643,278	185,773	887,268	685,487	201,781
Family Support Coordination	190,217	269,747	(79,530)	235,790	284,690	(48,900)
Total program services	1,807,799	1,622,674	185,125	1,936,253	1,650,432	285,821
Contributions	47,948	-	47,948	174,007	-	174,007
Private grants	27,500	-	27,500	27,500	-	27,500
United Way grants and designations	2,647	-	2,647	5,021	-	5,021
Investment income	796,616	-	796,616	121,551	-	121,551
Other income	228,171	-	228,171	5,202	-	5,202
Special events	15,582	7,382	8,200	-	-	-
General and administrative	-	495,008	(495,008)	-	448,577	(448,577)
Fundraising - other	-	73,535	(73,535)	-	112,713	(112,713)
Totals	<u>\$2,926,263</u>	<u>\$2,198,599</u>	<u>\$727,664</u>	<u>\$2,269,534</u>	<u>\$2,211,722</u>	<u>\$ 57,812</u>

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

**Raintree Services, Inc.**

For the year ended June 30, 2021

**Agency Head Name:** LaShawna Schofield, Executive Director

**Purpose**

Salary	\$119,857
Benefits - insurance	6,928
Benefits - retirement	0
Benefits - other	81
Bonus	7,298
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/>
	<b>\$134,164</b>
	<hr/> <hr/>



**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, 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, and have issued our report thereon dated **December 2, 2021**.

**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,  
December 2, 2021.

# **SCHEDULE OF FINDINGS AND RESPONSES**

## **Raintree Services, Inc.**

For the year ended June 30, 2021

### **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, 2021 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, 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 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, 2021

#### **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, 2020 related to internal control over financial reporting.

##### **Compliance and Other Matters**

No findings were reported during the audit of the year ended June 30, 2020 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, 2020 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, 2020.

# **MANAGEMENT'S CORRECTIVE ACTION PLAN**

## **Raintree Services, Inc.**

For the year ended June 30, 2021

### **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.