

Financial Report
Raintree Services, Inc.
June 30, 2023



Financial Report

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June 30, 2023

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New Orleans, Louisiana

June 30, 2023 and 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, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2023, 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 December 28, 2023, 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 22, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountants.

New Orleans, Louisiana,
December 28, 2023.

STATEMENT OF FINANCIAL POSITION**Raintree Services, Inc.**
New Orleans, LouisianaJune 30, 2023
(with comparative totals for 2022)

| | <u>2023</u> | <u>2022</u> |
|--|---------------------------|---------------------------|
| Assets | | |
| Cash and cash equivalents | \$ 296,963 | \$ 84,538 |
| Service fees receivable | 177,079 | 153,727 |
| Prepaid expenses | - | 87,891 |
| Investments | 4,311,042 | 4,040,410 |
| Property and equipment, net of accumulated depreciation | <u>472,447</u> | <u>427,467</u> |
| Total assets | <u><u>\$5,257,531</u></u> | <u><u>\$4,794,033</u></u> |
| Liabilities | | |
| Accounts payable | \$ 17,981 | \$ 15,901 |
| Accrued vacation | <u>47,301</u> | <u>40,797</u> |
| Total liabilities | <u>65,282</u> | <u>56,698</u> |
| Net Assets | | |
| Without donor restrictions | <u>5,192,249</u> | <u>4,737,335</u> |
| Total liabilities and net assets | <u><u>\$5,257,531</u></u> | <u><u>\$4,794,033</u></u> |

See notes to financial statements.

STATEMENT OF ACTIVITIES**Raintree Services, Inc.**
New Orleans, LouisianaFor the year ended June 30, 2023
(with comparative totals for 2022)

| | <u>2023</u> | <u>2022</u> |
|---|---------------------------|---------------------------|
| Support and Revenues | | |
| Raintree House | \$1,593,335 | \$1,124,619 |
| Foster Care | 662,234 | 679,289 |
| Family Support Coordination | 218,755 | 164,125 |
| Special fundraising events (net of \$67,917 and \$35,229 direct benefit to donor costs for 2023 and 2022, respectively) | 218,960 | 190,793 |
| Contributions and private grants | 115,718 | 97,219 |
| United Way grants and designations | 1,167 | 2,301 |
| Investment income (loss) | 320,782 | (656,757) |
| Other income | 11,307 | - |
| | <u>3,142,258</u> | <u>1,601,589</u> |
| Expenses | | |
| Program services: | | |
| Raintree House | 1,087,156 | 878,005 |
| Foster Care | 621,559 | 566,599 |
| Family Support Coordination | 252,024 | 237,174 |
| General and administrative | 603,251 | 558,565 |
| Fundraising | 123,354 | 63,741 |
| | <u>2,687,344</u> | <u>2,304,084</u> |
| Increase (Decrease) in Net Assets | 454,914 | (702,495) |
| Net Assets | | |
| Beginning of year | <u>4,737,335</u> | <u>5,439,830</u> |
| End of year | <u><u>\$5,192,249</u></u> | <u><u>\$4,737,335</u></u> |

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES**Raintree Services, Inc.**
New Orleans, LouisianaFor the year ended June 30, 2023
(with comparative totals for 2022)

| | Program Services | | | Total Program Services | General and Administrative | Fundraising | 2023 Totals | 2022 Totals Only |
|---|--------------------|------------------|-----------------------------------|------------------------------|-------------------------------|------------------|--------------------|---------------------|
| | Raintree House | Foster Care | Family Support Coordination | | | | | |
| Advertising and promotion | \$ 148 | \$ 763 | \$ - | \$ 911 | \$ 598 | \$ 5,904 | \$ 7,413 | \$ 7,397 |
| Bad debts | 3,630 | - | - | 3,630 | - | - | 3,630 | 4,961 |
| Bank charges | - | - | - | - | 28 | - | 28 | 65 |
| Consultants | 676 | 77 | 806 | 1,559 | 8,045 | 3,923 | 13,527 | 45,782 |
| Contracted services | 37,385 | - | 8,141 | 45,526 | - | - | 45,526 | 24,817 |
| Dietary expenses | 18,682 | - | - | 18,682 | - | - | 18,682 | 14,716 |
| Dues and subscriptions | 500 | 500 | - | 1,000 | 1,226 | - | 2,226 | 3,978 |
| Foster Care parent expenses | - | 302,878 | - | 302,878 | - | - | 302,878 | 302,416 |
| Health insurance | 63,636 | 25,560 | 21,733 | 110,929 | 48,842 | 10,039 | 169,810 | 139,290 |
| Housekeeping and laundry | 2,951 | - | - | 2,951 | - | - | 2,951 | 3,080 |
| Insurance | 85,004 | 16,427 | 16,427 | 117,858 | 20,911 | - | 138,769 | 107,725 |
| Licenses and permits | 500 | 50 | 600 | 1,150 | 100 | - | 1,250 | 1,452 |
| Medical | 4,399 | - | - | 4,399 | - | - | 4,399 | 2,569 |
| Occupancy: | | | | | | | | |
| Depreciation | 27,415 | - | - | 27,415 | 12,020 | - | 39,435 | 43,810 |
| Maintenance, buildings, and grounds | 9,623 | 11 | - | 9,634 | 7,522 | - | 17,156 | 14,353 |
| Outside services | 2,899 | - | - | 2,899 | - | - | 2,899 | 5,804 |
| Repairs, buildings, and grounds | 1,827 | - | - | 1,827 | 115 | - | 1,942 | 15,015 |
| Repairs, furniture, and equipment | 7,026 | - | - | 7,026 | 1,741 | - | 8,767 | 1,885 |
| Supplies | - | - | 989 | 989 | 388 | - | 1,377 | 4,167 |
| Utilities | 23,427 | 5,053 | 9,246 | 37,726 | 9,246 | - | 46,972 | 25,349 |
| Other | 4,585 | 7,186 | 537 | 12,308 | 7,482 | 2,249 | 22,039 | 40,035 |
| Payroll taxes | 50,654 | 16,039 | 12,678 | 79,371 | 26,865 | 6,947 | 113,183 | 94,338 |
| Personal client needs | 17,993 | 12,055 | - | 30,048 | - | - | 30,048 | 33,133 |
| Postage | 86 | 60 | 60 | 206 | 911 | 60 | 1,177 | 1,046 |
| Printing and office supplies | 2,748 | 1,260 | 2,600 | 6,608 | 48,252 | 149 | 55,009 | 24,949 |
| Professional services | 1,308 | 542 | 1,366 | 3,216 | 31,000 | - | 34,216 | 32,727 |
| Recreational expenses | 7,143 | - | - | 7,143 | - | - | 7,143 | 5,231 |
| Salaries | 672,385 | 214,794 | 170,042 | 1,057,221 | 371,163 | 93,222 | 1,521,606 | 1,263,420 |
| Special events expenses | - | - | - | - | - | 67,917 | 67,917 | 35,229 |
| Telephone | 5,367 | 4,451 | 4,153 | 13,971 | 4,227 | 861 | 19,059 | 15,098 |
| Therapeutic and training supplies | 29,819 | 3,892 | 483 | 34,194 | 2,265 | - | 36,459 | 11,902 |
| Travel and seminars | 5,340 | 9,961 | 2,163 | 17,464 | 304 | - | 17,768 | 13,574 |
| | 1,087,156 | 621,559 | 252,024 | 1,960,739 | 603,251 | 191,271 | 2,755,261 | 2,339,313 |
| Less allocation of direct benefit to donor costs | - | - | - | - | - | 67,917 | 67,917 | 35,229 |
| Totals | <u>\$1,087,156</u> | <u>\$621,559</u> | <u>\$252,024</u> | <u>\$1,960,739</u> | <u>\$603,251</u> | <u>\$123,354</u> | <u>\$2,687,344</u> | <u>\$2,304,084</u> |

See notes to financial statements.

STATEMENT OF CASH FLOWS**Raintree Services, Inc.**
New Orleans, LouisianaFor the year ended June 30, 2023
(with comparative totals for 2022)

| | <u>2023</u> | <u>2022</u> |
|---|-------------------|------------------|
| Cash Flows From Operating Activities: | | |
| Increase (decrease) in net assets | \$ 454,914 | \$ (702,495) |
| Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities: | | |
| Bad debts | 3,630 | 4,961 |
| Depreciation | 39,435 | 43,810 |
| Realized and unrealized loss (gain) on investments, net | (103,851) | 898,292 |
| Loss on disposal of assets | - | 44,116 |
| (Increase) decrease in operating assets: | | |
| Service fees receivable | (26,982) | (52,841) |
| Prepaid expenses | 87,891 | (14,174) |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable | 2,080 | 9,492 |
| Accrued vacation | 6,504 | 7,925 |
| Deferred revenue | - | (45,392) |
| | <u>463,621</u> | <u>193,694</u> |
| Cash Flows From Investing Activities: | | |
| Purchases of investments | (902,592) | (2,539,617) |
| Proceeds from sales of investments | 735,811 | 2,308,837 |
| Purchases of property and equipment | (84,415) | (87,705) |
| | <u>(251,196)</u> | <u>(318,485)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 212,425 | (124,791) |
| Cash and Cash Equivalents | | |
| Beginning of year | <u>84,538</u> | <u>209,329</u> |
| End of year | <u>\$ 296,963</u> | <u>\$ 84,538</u> |

See notes to financial statements.

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

New Orleans, Louisiana

June 30, 2023 and 2022

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, 2023 and 2022, 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, 2023 and 2022 are collectible and that an allowance for doubtful receivables was not necessary.

g. Contributions

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.

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.

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

h. Revenue Recognition

Revenues from Exchange Transactions: Raintree recognizes revenue in accordance with Accounting Standards Update (ASU) No. 2014-09, “*Revenue from Contracts with Customers*,” as amended. ASU No. 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

Program Service Fees

Revenue 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 7 the exchange and contribution components of the gross proceeds from special events.

i. 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)

j. 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.

k. 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.

l. 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.

m. 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, 2020 and later remain subject to examination by the taxing authorities. As of June 30, 2023, 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)

n. Recently Issued Accounting Standards

Leases

In February 2016, the Financial Accounting Standards Board (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 adoption of the standard did not have a material effect on the Agency’s 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. The adoption of the standard did not have a material effect on the Agency’s financial statements.

o. 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 28, 2023, 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, 2023. As of June 30, 2023, cash deposits in excess of FDIC limits were approximately \$105,000.

Note 3 - INVESTMENTS

Investments as of June 30, 2023 and 2022 consist of the following:

| 2023 | | | |
|------------------------|--------------|--------------|----------------------------------|
| Description | Cost | Market Value | Excess of Cost Over Market Value |
| Mutual funds | \$ 4,328,233 | \$ 4,307,617 | \$ (20,616) |
| Money market account | 363 | 363 | - |
| Certificate of deposit | 3,062 | 3,062 | - |
| Totals | \$ 4,331,658 | \$ 4,311,042 | \$ (20,616) |
| 2022 | | | |
| Description | 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) |

Note 3 - INVESTMENTS (Continued)

Investment income (loss) for the years ended June 30, 2023 and 2022 consist of the following:

| | 2023 | | Excess of Cost Over Market Value |
|--|--------------|-----------------|---|
| | Cost | Market Value | |
| Balance, June 30, 2023 | \$ 4,331,658 | \$ 4,311,042 | \$ (20,616) |
| Balance, June 30, 2022 | \$ 4,202,261 | \$ 4,040,410 | (161,851) |
| Decrease in unrealized depreciation | | | \$ 141,235 |
| | 2022 | | 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) |

Investment income (loss) for the years ended June 30, 2023 and 2022 is summarized as follows:

| | 2023 | 2022 |
|--|------------|--------------|
| Unrealized gain (loss) | \$ 141,235 | \$ (906,241) |
| Realized gain (loss) on sales of investments | (37,384) | 7,949 |
| Dividends, interest, and capital gain distributions | 236,931 | 261,514 |
| Investment fees | (20,000) | (19,979) |
| Net investment income (loss) | \$ 320,782 | \$ (656,757) |

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, 2023 and 2022.

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.

Certificate of deposit and money market account: Stated at cost, which approximates fair value.

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, 2023 and 2022 are comprised of and determined as follows:

| Description | Total Assets Measured at Fair Value | 2023 | | |
|------------------------|---|--|--|-------------------------------------|
| | | Based on | | |
| | | Quoted Prices in Active Markets (Level 1) | Other Observable Inputs (Level 2) | Unobservable Inputs (Level 3) |
| Mutual funds: | | | | |
| Multisector bond | \$ 1,279,270 | \$ 1,279,270 | \$ - | \$ - |
| Intermediate core bond | 1,263,371 | 1,263,371 | - | - |
| Other | 1,764,976 | 1,764,976 | - | - |
| Money market account | 363 | 363 | - | - |
| Certificate of deposit | 3,062 | 3,062 | - | - |
| Totals | <u>\$ 4,311,042</u> | <u>\$ 4,311,042</u> | <u>\$ -</u> | <u>\$ -</u> |
| 2022 | | | | |
| Description | Total Assets Measured at Fair Value | 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 | \$ 1,223,456 | \$ - | \$ - |
| Intermediate core bond | 1,220,335 | 1,220,335 | - | - |
| Other | 1,591,897 | 1,591,897 | - | - |
| Money market account | 1,662 | 1,662 | - | - |
| Certificate of deposit | 3,060 | 3,060 | - | - |
| Totals | <u>\$ 4,040,410</u> | <u>\$ 4,040,410</u> | <u>\$ -</u> | <u>\$ -</u> |

As of June 30, 2023 and 2022, 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, 2023 and 2022 is as follows:

| | 2023 | 2022 |
|-------------------------------|-------------|-------------|
| Land | \$ 90,000 | \$ 90,000 |
| Buildings and improvements | 1,107,193 | 1,097,313 |
| Furniture and equipment | 234,027 | 223,137 |
| Automobiles | 102,093 | 62,446 |
| | 1,533,313 | 1,472,896 |
| Less accumulated depreciation | (1,060,866) | (1,045,429) |
| Totals | \$ 472,447 | \$ 427,467 |

Depreciation expense for the years ended June 30, 2023 and 2022 was \$39,435 and \$43,810, respectively.

Note 6 - 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, 2023.

The following reflects the Agency's financial assets as of June 30, 2023. There were no donor-imposed restrictions as of June 30, 2023.

| | |
|---|-------------|
| Financial assets: | |
| Cash and cash equivalents | \$ 296,963 |
| Service fees receivable | 177,079 |
| Investments | 4,311,042 |
| Financial assets available to meet cash needs for general expenditures within one year | \$4,785,084 |

Note 7 - SPECIAL EVENT REVENUE

Gross receipts from special fundraising events for the years ended June 30, 2023 and 2022 consist of exchange transaction revenue and contribution revenue. The components of revenue are as follows:

| | 2023 | 2022 |
|---------------------------------------|-----------|-----------|
| Contributions | \$263,427 | \$189,122 |
| Special event revenue - ticket sales | 23,450 | 36,900 |
| Special events - gross | 286,877 | 226,022 |
| Less: cost of direct donor benefit | (67,917) | (35,229) |
| Special events - net | \$218,960 | \$190,793 |

Note 8 - ECONOMIC DEPENDENCY

During the years ended June 30, 2023 and 2022, the Agency received \$2,120,544 and \$1,692,778, 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, 2023 and 2022, the Agency received \$218,755 and \$164,125, 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, 2023 and 2022.

SUPPLEMENTAL INFORMATION

SCHEDULE OF SUPPORT AND REVENUES AND EXPENSES**Raintree Services, Inc.**
New Orleans, LouisianaJune 30, 2023
(with comparative totals for 2022)

| | 2023 | | | 2022 | | |
|------------------------------------|----------------------|--------------------|-------------------|----------------------|--------------------|--------------------|
| | Support and Revenues | Expenses | Net | Support and Revenues | Expenses | Net |
| Program services: | | | | | | |
| Raintree House | \$1,593,335 | \$1,087,156 | \$ 506,179 | \$1,124,619 | \$ 878,005 | \$ 246,614 |
| Foster Care | 662,234 | 621,559 | 40,675 | 679,289 | 566,599 | 112,690 |
| Family Support Coordination | 218,755 | 252,024 | (33,269) | 164,125 | 237,174 | (73,049) |
| Total program services | 2,474,324 | 1,960,739 | 513,585 | 1,968,033 | 1,681,778 | 286,255 |
| Contributions | 88,218 | - | 88,218 | 69,719 | - | 69,719 |
| Private grants | 27,500 | - | 27,500 | 27,500 | - | 27,500 |
| United Way grants and designations | 1,167 | - | 1,167 | 2,301 | - | 2,301 |
| Investment income (loss) | 320,782 | - | 320,782 | (656,757) | - | (656,757) |
| Other income | 11,307 | - | 11,307 | - | - | - |
| Special events | 286,877 | 67,917 | 218,960 | 226,022 | 35,229 | 190,793 |
| General and administrative | - | 603,251 | (603,251) | - | 558,565 | (558,565) |
| Fundraising - other | - | 123,354 | (123,354) | - | 63,741 | (63,741) |
| Totals | <u>\$3,210,175</u> | <u>\$2,755,261</u> | <u>\$ 454,914</u> | <u>\$1,636,818</u> | <u>\$2,339,313</u> | <u>\$(702,495)</u> |

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

Raintree Services, Inc.
New Orleans, Louisiana

For the year ended June 30, 2023

Agency Head Name: LaShawna Schofield, Executive Director

Purpose

| | |
|--|-------------------|
| Salary | \$ 128,391 |
| Benefits - insurance | 8,075 |
| Benefits - retirement | 0 |
| Benefits - other | 83 |
| Bonus | 8,099 |
| 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/> |
| | \$ 144,648 |
| | <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, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 28, 2023.

Report on 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.

Report on 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.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
December 28, 2023.

SCHEDULE OF FINDINGS AND RESPONSES

Raintree Services, Inc.
New Orleans, Louisiana

For the year ended June 30, 2023

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 expend Federal awards in excess of \$750,000 during the year ended June 30, 2023 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, 2023 related to internal control over financial reporting.

Compliance and Other Matters

No findings were reported during the audit of the year ended June 30, 2023 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.
New Orleans, Louisiana

For the year ended June 30, 2023

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 expend 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.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Raintree Services, Inc.
New Orleans, Louisiana

For the year ended June 30, 2023

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, 2023 related to internal control over financial reporting.

Compliance and Other Matters

No findings were reported during the audit of the year ended June 30, 2023 related to compliance and other matters.

Section II - Internal Control and Compliance Material to Federal Awards

Raintree Services, Inc. did not expend Federal awards in excess of \$750,000 during the year ended June 30, 2023 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, 2023.