

CANE RIVER CHILDREN'S SERVICES, INC.

ANNUAL FINANCIAL REPORT

JUNE 30, 2025

Cane River Children's Services, Inc.
Annual Financial Report
June 30, 2025

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Cane River Children's Services, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Cane River Children's Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, 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 Cane River Children's Services, Inc. as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States 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 and the *Louisiana Governmental Audit Guide*. 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 Cane River Children's Services, Inc. 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 audit opinions.

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 Cane River Children's 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 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 involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 organization'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 organization'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, among 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Cane River Children's Services, Inc. taken as a whole. Act 706 of the Louisiana 2014 Legislative Session requires a Schedule of Compensation, Benefits and Other Payments to Agency Head, reflected on page 18, to supplement the financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the Title 2 U.S. Code of *Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented on page 19 for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records, used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Information from the preceding year is reported in certain financial statements within this report. The information was taken from our report dated October 29, 2024, in which we expressed an unmodified opinion on the Cane River Children's Services, Inc.'s statement of financial position.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2025, on our consideration of Cane River Children's Services, Inc.'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 Cane River Children's Services, Inc.'s internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated December 15, 2025, on the results of our statewide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's statewide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

Thomas, Cunningham, Broadway & Todtenbier, CPA's

Thomas, Cunningham, Broadway & Todtenbier, CPA's
Natchitoches, Louisiana

December 15, 2025

FINANCIAL STATEMENTS

Cane River Children's Services, Inc.
Statement of Financial Position
For the Year Ended June 30, 2025
(With Comparative Totals for June 30, 2024)

	<u>2025</u>	<u>2024</u>
Assets-		
Current Assets:		
Cash & Cash Equivalents	\$ 90,878	\$ 119,340
Revenue Receivables	<u>145,966</u>	<u>146,598</u>
Total Current Assets	<u>\$ 236,844</u>	<u>\$ 265,938</u>
Noncurrent Assets:		
Prepaid Expenses	\$ 37,522	\$ 3,460
Long-term receivables	158,321	125,529
Restricted Cash	0	23,900
Property and Equipment, Net of Accumulated Depreciation	<u>1,150,717</u>	<u>1,212,985</u>
Total Noncurrent Assets	<u>\$1,346,560</u>	<u>\$1,365,874</u>
Total Assets	<u>\$1,583,404</u>	<u>\$1,631,812</u>
Liabilities-		
Current Liabilities:		
Accounts Payable	\$ 11,054	\$ 9,591
Accrued Payroll & Payroll Liabilities	26,104	27,837
Current Portion of Long-Term Debt	<u>23,653</u>	<u>40,029</u>
Total Current Liabilities	<u>\$ 60,811</u>	<u>\$ 77,457</u>
Noncurrent Liabilities:		
Residents' Deposits	\$ 4,415	\$ 24,300
Long-Term Debt	<u>438,448</u>	<u>460,572</u>
Total Noncurrent Liabilities	<u>\$ 442,863</u>	<u>\$ 484,872</u>
Total Liabilities	\$ 503,674	\$ 562,329
Net Assets-		
Without Donor Restrictions	<u>1,079,730</u>	<u>1,069,483</u>
Total Liabilities & Net Assets	<u>\$1,583,404</u>	<u>\$1,631,812</u>

See independent auditors' report and notes to the financial statements.

Cane River Children's Services, Inc.
Statement of Activities
For the Year Ended June 30, 2025
(With Comparative Totals for June 30, 2024)

	<u>Without Donor Restrictions</u>	
	<u>2025</u>	<u>2024</u>
Revenues-		
Intergovernmental-		
Federal Grants	\$1,125,666	\$1,193,065
Contract Income	72,974	71,342
Donations	107,553	47,876
Interest and Dividend Income	6,906	11,435
Insurance Recoveries	100,011	0
Other	<u>11,617</u>	<u>10,769</u>
Total Unrestricted Revenues	<u>\$1,424,727</u>	<u>\$1,334,487</u>
Expenses-		
Program Services:		
Qualified Residential Treatment Program	\$ 768,287	\$ 724,999
Child Placing	307,564	217,796
Community Counseling/Child Advocacy	270,130	241,210
Supportive Services:		
Administrative & General	<u>68,499</u>	<u>86,003</u>
Total Expenses	<u>\$1,414,480</u>	<u>\$1,270,008</u>
Change in Net Assets	\$ 10,247	\$ 64,479
Net Assets-Beginning of Year	<u>1,069,483</u>	<u>1,005,004</u>
Net Assets-End of Year	<u>\$1,079,730</u>	<u>\$1,069,483</u>

See independent auditors' report and notes to the financial statements.

Cane River Children's Services, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2025
(With Comparative Totals for June 30, 2024)

Exhibit C
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	Program Services				Supporting Services	Total 2025 Expenses
	Qualified Residential Treatment Program	Child Placing	Community Counseling/ Child Advocacy	Total Program Services	Management and General	
EXPENSES:						
Salaries & Payroll Taxes	\$503,514	\$132,949	\$220,964	\$ 857,427	\$ 46,030	\$ 903,457
Employee Benefits	15,117	529	5,781	21,427	0	21,427
Advertising	0	0	6	6	0	6
Bad Debt Expense	4,325	16	5,778	10,119	0	10,119
Computer Software	5,128	0	0	5,128	0	5,128
Dietary	33,725	13,809	12	47,546	0	47,546
Household Supplies	4,477	1,563	120	6,160	1,880	8,040
Insurance	47,843	15,080	12,662	75,585	0	75,585
Interest and Penalties	16,756	10,082	900	27,738	0	27,738
Licenses and Dues	4,144	58	600	4,802	0	4,802
Medical & Nursing	175	14	320	509	0	509
Office Supplies	4,767	1,079	1,967	7,813	2,966	10,779
Personnel Expenses	2,169	108	310	2,587	3,227	5,814
Postage & Printing	525	115	0	640	73	713
Professional Services	10,342	2,379	2,379	15,100	0	15,100
Repairs & Maintenance	22,657	83,976	3,014	109,647	3,734	113,381
Recreational	732	8	0	740	2,012	2,752
Resident Expenses	972	177	0	1,149	1,286	2,435
Telephone	7,621	3,010	3,644	14,275	2,366	16,641
Therapy Expenses	1,168	37	939	2,144	332	2,476
Training & Travel	775	12	395	1,182	0	1,182
Utilities	33,396	10,270	4,704	48,370	4,102	52,472
Vehicle Expenses	4,761	3,284	0	8,045	0	8,045
Depreciation	42,001	25,535	5,635	73,171	0	73,171
Other	1,197	3,474	0	4,671	491	5,162
Total Expenses	\$768,287	\$307,564	\$270,130	\$1,345,981	\$68,499	\$1,414,480

See independent auditors' report and notes to the financial statements

Statement of Functional Expenses
For the Year Ended June 30, 2025
(With Comparative Totals for June 30, 2024)

	Program Services				Supporting Services	Total 2024 Expenses
	Qualified Residential Treatment Program	Child Placing	Community Counseling/ Child Advocacy	Total Program Services	Management and General	
EXPENSES:						
Salaries & Payroll Taxes	\$495,806	\$120,309	\$194,557	\$ 810,672	\$ 59,525	\$ 870,197
Employee Benefits	4,946	366	2,118	7,430	319	7,749
Advertising	295	0	90	385	0	385
Bad Debt Expense	87	0	6,997	7,084	0	7,084
Computer Software	927	281	3,201	4,409	0	4,409
Dietary	27,650	14,766	62	42,478	191	42,669
Household Supplies	5,025	1,634	349	7,008	2,895	9,903
Insurance	27,631	10,438	10,439	48,508	0	48,508
Interest and Penalties	15,216	5,730	1,457	22,403	0	22,403
Licenses and Dues	1,530	108	0	1,638	0	1,638
Medical & Nursing	244	0	0	244	0	244
Office Supplies	9,677	2,399	97	12,173	30	12,203
Personnel Expenses	3,761	180	644	4,585	1,782	6,367
Postage & Printing	1,168	124	4	1,296	154	1,450
Professional Services	9,996	3,332	3,332	16,660	0	16,660
Repairs & Maintenance	18,582	15,622	3,040	37,244	3,800	41,044
Recreational	417	26	0	443	1,677	2,120
Resident Expenses	1,242	668	0	1,910	3,616	5,526
Telephone	7,629	4,274	3,630	15,533	2,310	17,843
Therapy Expenses	1,762	1,459	854	4,075	1,651	5,726
Training & Travel	564	257	325	1,146	0	1,146
Utilities	36,706	8,321	4,828	49,855	4,451	54,306
Vehicle Expenses	7,350	4,248	70	11,668	0	11,668
Depreciation	46,788	23,254	5,116	75,158	0	75,158
Other	0	0	0	0	3,602	3,602
Total Expenses	\$724,999	\$217,796	\$241,210	\$1,184,005	\$86,003	\$1,270,008

See independent auditors' report and notes to the financial statements.

Cane River Children's Services, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2025
(With Comparative Totals for June 30, 2024)

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from program service operations	\$1,194,651	\$1,298,226
Cash received from contributions	107,553	47,876
Cash payments for salaries, benefits and payroll taxes	(925,154)	(863,666)
Cash payments to vendors	(386,915)	(366,558)
Interest and dividends received	<u>6,906</u>	<u>11,435</u>
Net Cash Provided (Used) by Operating Activities	\$ <u>(2,959)</u>	\$ <u>127,313</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	\$ (110,914)	\$ (56,706)
Insurance Recoveries	<u>100,011</u>	<u>0</u>
Net Cash Provided (Used) by Investing Activities	\$ <u>(10,903)</u>	\$ <u>(56,706)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loan proceeds	\$ 0	\$ 0
Principal payments on loans	<u>(38,500)</u>	<u>(60,442)</u>
Net Cash Provided (Used) by Financing Activities	\$ <u>(38,500)</u>	\$ <u>(60,442)</u>
Net Change in Cash, Cash Equivalents and Restricted Cash	\$ (52,362)	\$ 10,165
Cash, Cash Equivalents and Restricted Cash at Beginning of Year	<u>143,240</u>	<u>133,075</u>
Cash, Cash Equivalents and Restricted Cash at End of Year	\$ <u>90,878</u>	\$ <u>143,240</u>

Reconciliation of Cash, Cash Equivalents and Restricted Cash:

Cash & Cash Equivalents	\$90,878
Restricted Cash	<u>0</u>
Net Cash at End of Year	<u>\$90,878</u>

SUPPLEMENTAL DISCLOSURE

Cash payments for interest during the years ended June 30, 2025 and 2024 totaled \$27,680 and \$22,045, respectively.

See independent auditors' report and notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

Cane River Children's Services, Inc.
Notes to Financial Statements
June 30, 2025

Introduction

Cane River Children's Services, Inc. ("Agency") was incorporated as a non-profit corporation on May 18, 1978, under the laws of the State of Louisiana. The Agency maintains and operates residential group homes for undomiciled and troubled youth, provides support for transitional living for girls as placed by the State of Louisiana, and provides therapeutic foster care and counseling, as authorized by its charter. The agency operates under a ten-member Board of Directors. Revenues are derived primarily from the Title IV-E Foster Care Program passed through the State of Louisiana, Department of Social Services, as well as Crime Victim Assistance grants, Medicaid, and contributions from the general public.

1. Summary of Significant Accounting Policies:

The accounting and reporting policies of Cane River Children's Services, Inc., conform to generally accepted accounting principles as applicable to non-profit organizations, and are applied on a consistent basis between periods.

The following is a summary of certain significant accounting policies and practices:

A. Financial Statement Presentation - Effective July 1, 2018, the Agency has adopted FASB Financial Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASU 2016-14, the Agency is required to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Agency's management and the board of directors. The revenues received and expenses incurred in conducting the mission of the Agency are included in this category. The Agency has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of the Agency; therefore, the Agency's policy is to record these net assets as without donor restrictions.
- Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Agency or by the passage of time. Other donor restrictions are perpetual in nature, whereby, the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

As of June 30, 2025 and 2024, all net assets were without donor restrictions.

B. Basis of Accounting - The Agency uses the accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized when they are incurred. Purchases of various operating supplies are regarded as expenditures at the time purchased.

Cane River Children's Services, Inc.
Notes to Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies (continued):

- C. Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- D. Capital Assets - Capital assets purchased with unrestricted funds are recorded at cost when purchased or at market value at time of donation. Depreciation on all exhaustible fixed assets is charged as an expense against the operations of the Agency. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets ranging from 3 to 50 years. Accumulated depreciation was \$1,483,268 at June 30, 2025, and \$1,409,900 at June 30, 2024.
- E. Income Taxes - The Agency is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as "other than a private foundation". Therefore, no provision for income taxes has been made in the financial statements, but the Agency is required to file an annual information tax return. The Agency's Form 990, *Return of Organization Exempt from Income Tax* remains subject to examination by the IRS, generally for three years after filing. There was no unrelated business income for the period ending June 30, 2025, which is not covered by this exemption.
- F. Unpaid Accumulated Vacation Pay - Employees of the Agency earn one to two days of vacation per month depending upon the number of years of employment, beginning on the seventh month of employment. At the end of each year, employees may carry forward vacation time earned but not taken, up to a maximum of 360 hours. Subject to this limitation, unused vacation pay is paid to employees upon separation at hourly rates being earned. Due to the immateriality of this amount in relation to total agency payrolls, no accrual has been made for accumulated vacation pay.
- G. Cash and Equivalents - For the purpose of the statements 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.
- H. Functional Allocation of Expenses - Functional expenses are allocated between program services and supporting services. Supporting services include fundraising and general and administrative activities. General and administrative expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Agency. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function, which require allocation on a reasonable basis that is consistently applied. Salaries, payroll taxes, and benefits are allocated on the basis of estimates of time and effort.
- I. Comparative Data - Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Agency's financial position and results of operations. Certain reclassifications from prior year information were made to conform to current year presentation.

Cane River Children's Services, Inc.
Notes to Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies (continued):

- J. Revenue Recognition – In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) NO. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and ASU No. 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, both adopted by the Agency in 2019, the Agency recognizes grant revenue as exchange transactions, which revenue is recognized as it is earned in accordance with approved grant contracts. Based on the Agency's evaluation process and review of its grant contracts, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standards.
- K. Advertising Costs - Advertising costs are expensed as incurred. For the years ended June 30, 2025, and June 30, 2024, the Agency had advertising costs of \$6 and \$385, respectively.

2. Cash and Cash Equivalents:

At June 30, 2025, cash and cash equivalents totaled \$90,878, including \$800 petty cash (book balances). Bank balances totaled \$118,082 at June 30, 2025, all of which are secured by FDIC Insurance.

Resident funds are maintained in separate non-interest bearing checking accounts as required by contractual guidelines. Cash and cash equivalents at June 30, 2025, included \$4,415 in restricted deposits.

3. Revenue Receivable and Long-Term Receivable:

Revenue receivable and long-term receivable represent the amounts due from the Agency's contracts with the State of Louisiana, DCFS, AmeriGroup and Louisiana Healthcare Connections, as third-party reimbursements for services rendered to clients. Receivables are stated at the amount management expects to collect from outstanding balances. Amounts expected to be collected within one year are reported as current assets (\$145,966 as of June 30, 2025), while amounts that are in the collection process but not anticipated to be collected within one year are reported as non-current assets (\$158,321 as of June 30, 2025). Balances that are still outstanding after management has exhausted all reasonable collection efforts are written off using the direct write-off method. Receivables in the amount of \$10,119 were written off in the current year.

4. Asset Liquidity and Availability of Resources:

The Agency regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Agency considers all expenditures related to its regular, recurring, and ongoing program service activities, as well as the conduct of services undertaken to support those activities, to be general expenditures. The Agency anticipates revenues to be sufficient to meet its general expenditure needs.

Cane River Children's Services, Inc.
Notes to Financial Statements
June 30, 2025

4. Asset Liquidity and Availability of Resources (continued):

As of June 30, 2025, the following financial assets could be made easily available within one year of the statement of financial position date to meet general expenditures:

Cash, cash equivalents and restricted cash	\$ 90,878
Revenue receivables (current)	<u>145,966</u>
Total financial assets, period end	\$236,844
Less, those unavailable for general expenditures within one year, due to:	
Restricted cash (Residents' deposits)	<u>0</u>
Financial assets available to meet cash needs for general expenditures within one year	
	<u>\$236,844</u>

As part of its liquidity management, the Agency has a policy to structure its financial assets to be made available as general expenditures, liabilities, and other obligations become due. This policy includes utilization of resources such as established lines of credit described in Note 7, as well as management of major receivables.

5. Fair Value of Financial Instruments:

The Agency's financial instruments consist of cash, receivables and mortgage notes payable. The carrying value of these instruments approximates their fair values.

The Agency has adopted FASB Accounting Standards Codification Topic 820, "Fair Value Measurements". Topic 820 requires disclosures that stratify balance sheet amounts measured at fair value based on the inputs used to derive fair value measurements. These strata include:

Level 1 valuations, where the valuation is based on quoted market prices for identical assets or liabilities traded in active markets (which include exchanges and over-the-counter markets with sufficient volume).

Level 2 valuations, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 valuations, where the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on Agency-specific data. These unobservable assumptions reflect the Agency's own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques typically include option pricing models, discounted cash flow models and similar techniques, but may also include the use of market prices of assets or liabilities that are not directly comparable to the subject asset or liability.

Cane River Children's Services, Inc.
Notes to Financial Statements
June 30, 2025

6. Fixed Assets:

The following is a summary of changes in fixed assets for the Agency for the two-year period ended June 30, 2025:

	Balance 6-30-23	Additions	Deletions	Balance 6-30-24	Additions	Deletions	Balance 6-30-25
Fixed Assets, Not Depreciated-							
Land	\$ 321,078	\$ 0	\$0	\$ 321,078	\$ 0	\$0	\$ 321,078
Fixed Assets, Depreciated-							
Facility	1,734,413	0	0	1,734,413	0	0	1,734,413
Vehicles	105,709	33,850	0	139,559	0	0	139,559
Household Furniture	140,822	4,858	0	145,680	3,616	0	149,296
Office Furniture	112,571	8,591	0	121,162	0	0	121,162
Computers	42,367	9,408	0	51,775	7,287	0	59,062
Renovations-IL	96,620	0	0	96,620	0	0	96,620
Major Movable	<u>12,598</u>	<u>0</u>	<u>0</u>	<u>12,598</u>	<u>0</u>	<u>0</u>	<u>12,598</u>
Total Fixed Assets	\$2,566,178	\$56,707	\$0	\$2,622,885	\$ 10,903	\$0	\$2,633,788
Accumulated Depreciation	<u>1,334,742</u>	<u>75,158</u>	<u>0</u>	<u>1,409,900</u>	<u>73,171</u>	<u>0</u>	<u>1,483,071</u>
Net Fixed Assets-							
Totals	<u>\$1,231,436</u>	<u>\$(18,451)</u>	<u>\$0</u>	<u>\$1,212,985</u>	<u>\$(62,268)</u>	<u>\$0</u>	<u>\$1,150,717</u>

Depreciation expense in the amount of \$73,171 and \$75,158 was recorded for the years ended June 30, 2025 and June 30, 2024, respectively.

7. Long-Term Liabilities:

On October 9, 2014, the Agency executed a loan agreement and promissory note with BOM Bank for \$500,000. The proceeds from this loan were used to pay off three existing loans with the Bank of Montgomery. This loan is collateralized by the property located at 425 Rue de Gabriel in Natchitoches, Louisiana. The loan has been refinanced three times. This loan was most recently refinanced on November 12, 2024, with a maturity date of November 12, 2026. The current interest rate is 7.00% and the loan is to be paid in 23 regular payments of \$2,628.97. The balance of this loan at June 30, 2025, was \$285,772.

The Agency executed a second loan agreement with BOM Bank on October 9, 2014, for \$300,000, with an interest rate of 4.25%. The loan was to be repaid in 59 regular payments of \$1,858 and one irregular last payment estimated at \$248,807, due on October 9, 2019. The maturity date was extended to October 9, 2024. The proceeds from this loan were used to pay off an existing loan with LA Capital Federal Credit Union and an existing loan with Bank of Montgomery. This loan is collateralized by property located at 4275 University Parkway, Natchitoches, Louisiana. BOM Bank issued a change in terms agreement for this loan in November, 2024, whereby the loan is to be paid in 23 payments of \$1,567.93 commencing on December 9, 2024, and one final payment of the remaining balance due on November 9, 2026. The interest rate is fixed at 7.00%. The balance of this loan at June 30, 2025, was \$171,619.

Cane River Children's Services, Inc.
Notes to Financial Statements
June 30, 2025

7. Long-Term Liabilities (continued):

The Agency executed a loan agreement (line of credit) with BOM Bank dated January 7, 2019, in the amount of \$102,239 with an interest rate of 5.50%. The loan is to be repaid in 60 payments of \$1,953 with a final payment due on January 7, 2024. The loan was extended whereby the maturity date is now July of 2026. The proceeds of this loan were used to cover operating costs and to pay off the previous mortgage on the property located at Fourth Street. This loan is collateralized by properties located at 425 Rue de Gabriel and 4275 University Parkway, in Natchitoches, Louisiana. The balance of this loan at June 30, 2025 was \$4,710.

	<u>Balance</u> <u>June 30, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2025</u>	<u>Amount Due</u> <u>in one Year</u>
Notes Payable to BOM Bank:					
- Note #40 Refinanced to #60	\$301,282	\$ 0	\$(15,510)	\$285,772	\$11,920
- Note #45	180,898	0	(9,279)	171,619	7,023
- Note #55 (Line of Credit)	<u>18,421</u>	<u>0</u>	<u>(13,711)</u>	<u>4,710</u>	<u>4,710</u>
Total	<u>\$500,601</u>	<u>\$ 0</u>	<u>\$(38,500)</u>	<u>\$462,101</u>	<u>\$23,653</u>

The fair value of the above loans is estimated based on the current rates offered to the Agency for debt of the same remaining maturities. At June 30, 2025, the fair value of long-term debt approximates the amounts recorded in the financial statements. The annual requirements for these notes, including interest, are as follows:

<u>FYE</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
6/30/2026	\$ 23,653	\$31,473	\$ 55,126
6/30/2027	<u>438,448</u>	<u>12,692</u>	<u>451,140</u>
	<u>\$462,101</u>	<u>\$44,165</u>	<u>\$506,266</u>

8. Retirement Commitments:

The Agency offers employees the option of participating in an employee-sponsored Simple IRA retirement plan with American Funds. The plan allows employees to make contributions to the plan at time of hire. After the six months' probation period, the Agency will match up to three percent of the employee's salary to the plan. For the year ended June 30, 2025, Cane River Children's Services, Inc.'s contribution amount was \$6,756 and employee contributions totaled \$11,579.

9. Related Parties:

The Agency has deposits of \$118,081 and loans in the amount of \$462,101 at BOM Bank. One of the Agency's board members has an immediate family member who is an officer at BOM Bank. The Agency has a long-standing relationship with the bank and has experienced no adverse effects from any potential related-party transactions.

10. Pending Litigation:

Cane River Children's Services, Inc. has no legal action pending at June 30, 2025.

Cane River Children's Services, Inc.
Notes to Financial Statements
June 30, 2025

11. Lease Commitments:

Cane River Children's Services, Inc. has no lease commitments at June 30, 2025.

12. Compensation Paid to Board Members:

The members of the Board of Directors serve as volunteers and receive no compensation.

13. Concentrations and Economic Dependency:

The Agency receives the majority of its revenue from funds provided through federal and state grants administered by the State of Louisiana. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of the funds the Agency receives could be reduced significantly. Either of these conditions could have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Agency will receive in the next fiscal year.

14. Subsequent Events:

Management has evaluated subsequent events through December 15, 2025, the date on which the financial statements were available to be issued, and determined that there were no items to be reported as subsequent events.

SUPPLEMENTARY INFORMATION

Cane River Children's Services, Inc.
 Schedule of Compensation, Benefits and
 Other Payments to Agency Head
 For the Year Ended June 30, 2025

Louisiana Revised Statute 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees, be reported as a supplemental report within the financial statement of local government and quasi-public auditees. In 2016, Act 462 of the 2016 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that receive public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

Agency Head Name: Jennifer Johnson Karle, Chief Executive Officer

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 97,558
Benefits - Retirement	7,728
Benefits - SS/Medicare	7,463
Benefits – Insurance	6
Cell Phone	1,869

Cane River Children's Services, Inc.
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor Program Title	Federal Assistance Listing	Pass-Through Entity No.	Federal Revenue/ Expenditures
<u>U.S. Department of Health and Human Services</u>			
Pass-through from State Department of Social Services:			
Resident Treatment Services for Foster Children - ARRA (Title IV-E Foster Care)	93.658	010008200	\$1,083,319
<u>U. S. Department of Justice</u>			
Pass-through from Louisiana Commission on Law Enforcement:			
Crime Victim Assistance	16.575	2022-VA-03/04-7505	\$ 11,796
Crime Victim Assistance	16.575	2023-VA-03/04-8160	<u>30,551</u>
Total for U.S. Department of Justice			\$ 42,347
TOTAL FEDERAL EXPENDITURES			<u>\$1,125,666</u>

See independent auditors' report.

Cane River Children's Services, Inc.
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Cane River Children's Services, Inc. under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the primary government financial statements.

Note 2. Summary of Significant Accounting Policies

Expenditures in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Cane River Children's Services, Inc. has elected not to use the 15% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. Subrecipients, Non-Cash Assistance, Federal Insurance, Loans, and Loan Guarantees

Cane River Children's Services, Inc. did not provide any federal funds to subrecipients nor did they receive any federal non-cash assistance, insurance, loans, or loan guarantees.

OTHER REPORTS/SCHEDULES

T | C | B | T
THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER
Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation
Roger M. Cunningham, CPA, LLC
Jessica H. Broadway, CPA - A Professional Corporation
Ryan E. Todtenbier, CPA - A Professional Corporation

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INDEPENDENT AUDITORS' 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 of
Cane River Children's Services, Inc.

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 and the *Louisiana Governmental Audit Guide*, the financial statements of Cane River Children's Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, 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 15, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cane River Children's Services, Inc.'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 Cane River Children's Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Cane River Children's Services, Inc.'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 and therefore, material weaknesses may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we consider the deficiency described as *Item 2025-001 - Segregation of Duties* to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cane River Children's Services, Inc.'s financial statements are free from 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*.

Cane River Children's Services, Inc.'s Response to Finding

Cane River Children's Services, Inc.'s response to the finding identified in our audit is described in the accompanying Management's Corrective Action Plan. Cane River Children's Services, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion thereon.

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purposes. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Thomas, Cunningham, Broadway & Todtenbier, CPA's

Thomas, Cunningham, Broadway & Todtenbier, CPA's
Natchitoches, Louisiana

December 15, 2025

T | C | B | T
THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER
Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY UNIFORM GUIDANCE

To the Board of Directors of
Cane River Children's Services, Inc.
Natchitoches, LA 71457

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Cane River Children's Services, Inc. (Agency) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended June 30, 2025. The Agency's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Cane River Children's Services, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Cane River Children's Services, Inc. and to meet our other ethical responsibilities, in accordance with 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 on compliance for each major federal program. Our audit does not provide a legal determination of the Agency's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Cane River Children's Services' federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Agency's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable use of the report on compliance about the Agency's compliance with the requirement of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Agency's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Agency's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will

not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Thomas, Cunningham, Broadway & Todtenbier, CPA's

Thomas, Cunningham, Broadway & Todtenbier, CPA's
Natchitoches, Louisiana

December 15, 2025

Cane River Children's Services, Inc.
 Schedule of Findings and Questioned Costs
 June 30, 2025

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statement

Type of Auditors' Report Issued:	Unmodified
Internal Control over Financial Reporting:	
Material Weakness(es) Identified?	No
Significant Deficiency(ies) Identified not Considered to be Material Weakness?	Yes (2025-001)
Noncompliance Material to Financial Statements Noted?	No

Federal Awards Section

Internal Control over Major Programs:	
Material Weakness(es) Identified?	No
Type of Auditors' Report Issued on Compliance for Major Federal Programs	Unmodified
Any Audit Findings Disclosed that are Required to be Reported in Accordance with 2 CFR 200.516(a)?	No
Identification of Major Program:	
- Residential Treatment Services for Foster Children Federal Assistance Listing 93.658	
Dollar Threshold used to Determine Type A Programs:	\$750,000
Auditee Qualified as Low-Risk Auditee:	No

Cane River Children's Services, Inc.
Schedule of Findings and Questioned Costs (continued)
June 30, 2025

SECTION II - FINANCIAL STATEMENT FINDINGS

Internal Control-

2025-001 Segregation of Duties

Criteria - Cane River Children's Services, Inc. should have employees available to execute the ongoing duties related to financial matters.

Condition - Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties and the lack of personnel available to prepare financial statements, including the related note disclosures.

Cause - Due to a lack of funds, Cane River Children's Services, Inc. does not have a sufficient number of employees to adequately separate accounting duties or to prepare the agency's annual financial statements with related note disclosures.

Effect - Intentional or unintentional errors could be made and not detected within the accounting system.

Recommendation - Since the costs associated with establishing an appropriate system of internal control should not outweigh the benefits derived from it, we do not have a recommendation to make.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

The following findings relate to the major federal award program for Cane River Children's Services, Inc.:

None identified.



P.O. Box 2453 Natchitoches, LA 71457-2453 Phone: (318) 352.9349 Fax: (318) 352.9345

December 15, 2025

Louisiana Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70802

Re: Cane River Children's Services, Inc.
Financial Report – June 30, 2025

Legislative Auditor's Office:

The following is our response to the audit findings issued to us by the firm of Thomas, Cunningham, Broadway & Todtenbier, *Certified Public Accountants*, for the year ended June 30, 2025:

Management's Corrective Action Plan:

2025-001 Segregation of Duties

Cane River Children's Services, Inc. is a small non-profit organization with limited revenue and personnel. Although there are multiple checks and balances within the various accounting functions, the limited size of our organization continues to restrict the reasonable use of hiring additional personnel to address this audit finding. The Board regularly reviews the financial statements and accepts responsibility for their contents and presentation.

Thank you for your assistance and oversight in providing quality auditing guidelines. Please contact us if there are any questions regarding our response.

Sincerely,

Jennifer Johnson Karle, MEd
Chief Executive Officer

Cane River Children's Services, Inc.
Summary of Prior Year's Findings
June 30, 2025

SECTION I: SCHEDULE OF FINANCIAL STATEMENT FINDINGS

2024-001 Segregation of Duties

Condition - Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties and the lack of personnel available to prepare financial statements including the related note disclosures.

Current Status - For the year ended June 30, 2025, this condition was not cleared. See finding *2025-001*.

SECTION II: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None identified.