

Financial Report
Raintree Services, Inc.
June 30, 2017



Financial Report

Raintree Services, Inc.

June 30, 2017

TABLE OF CONTENTS

Raintree Services, Inc.

June 30, 2017 and 2016

	<u>Page Number</u>
Financial Section	
Independent Auditor's Report	1 - 2
Exhibits	
A - Statement of Financial Position	3
B - Statement of Activities	4
C - Statement of Functional Expenses	5 - 6
D - Statement of Cash Flows	7
E - Notes to Financial Statements	8 - 17
Supplemental Information	
1 - Schedule of Support and Revenues and Expenses	18
2 - Schedule of Compensation, Benefits, and Other Payments To Agency Head or Chief Executive Officer	19
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 <u>Government Auditing Standards</u>	20 - 21
Schedule of Findings and Responses	22
Reports by Management	
Schedule of Prior Year Findings and Responses	23
Management's Corrective Action Plan	24

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Raintree Services, Inc. (the "Agency"), a non-profit organization, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 12, 2017, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Agency's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Raintree Services, Inc.'s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 9, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountants.

New Orleans, Louisiana,
December 12, 2017.

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

June 30, 2017
(with comparative totals for 2016)

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 176,094	\$ 255,710
Service fees receivable	111,573	144,947
Investments	3,377,264	3,045,914
Property and equipment, net of accumulated depreciation	<u>494,165</u>	<u>498,627</u>
Total assets	<u>\$ 4,159,096</u>	<u>\$ 3,945,198</u>
Liabilities		
Accounts payable	\$ 5,720	\$ 16,765
Accrued vacation	<u>27,574</u>	<u>24,189</u>
Total liabilities	<u>33,294</u>	<u>40,954</u>
Net Assets		
Unrestricted	<u>4,125,802</u>	<u>3,904,244</u>
Total liabilities and net assets	<u>\$ 4,159,096</u>	<u>\$ 3,945,198</u>

See notes to financial statements.

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

For the year ended June 30, 2017
(with comparative totals for 2016)

	<u>2017</u>	<u>2016</u>
Support and Revenues		
Raintree House program	\$ 705,697	\$ 646,248
Foster Care programs	688,948	755,046
Family Support Coordination	143,329	165,944
Contributions and private grants	78,026	69,832
United Way grants and designations	10,203	7,250
Investment income (loss)	362,175	(113,885)
Other income	26,083	29,062
Special event income, net of expenses ((\$26,485 and \$20,677, respectively))	<u>108,436</u>	<u>131,892</u>
Total support and revenues	<u>2,122,897</u>	<u>1,691,389</u>
Expenses		
Program services:		
Raintree House	584,380	549,716
Foster Care programs	568,868	603,902
Family Support Coordination	207,776	222,886
General and administrative	456,886	428,940
Fundraising	<u>83,429</u>	<u>70,040</u>
Total expenses	<u>1,901,339</u>	<u>1,875,484</u>
Change in Net Assets	221,558	(184,095)
Net Assets		
Beginning of year	<u>3,904,244</u>	<u>4,088,339</u>
End of year	<u>\$ 4,125,802</u>	<u>\$ 3,904,244</u>

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

Raintree Services, Inc.

For the year ended June 30, 2017
(with comparative totals for 2016)

	2017		
	Program Services		
	Raintree House	Foster Care	Family Support Coordination
Advertising and promotion	\$ 220	\$ -	\$ 25
Bad debts	11,432	-	-
Bank charges	-	-	-
Consultants	-	-	-
Contracted services	-	-	8,267
Dietary expenses	16,016	-	-
Dues and subscriptions	1,000	1,000	-
Foster Care parent expenses	-	304,001	-
Health insurance	36,013	24,565	17,813
Housekeeping and laundry	2,762	-	-
Insurance	38,791	8,137	7,913
Licenses and permits	564	50	635
Medical	519	-	-
Occupancy:			
Depreciation	24,282	-	4,607
Maintenance, buildings, and grounds	7,232	306	306
Outside services	2,770	-	-
Repairs, buildings, and grounds	714	-	-
Repairs, furniture, and equipment	5,765	-	-
Supplies	-	-	962
Utilities	14,085	2,288	3,274
Other	2,758	12,082	245
Payroll taxes	28,702	12,780	11,363
Personal client needs	18,411	20,575	-
Postage	78	53	366
Printing and office supplies	3,842	770	468
Professional services	759	743	1,414
Recreational expenses	5,447	-	-
Salaries	348,981	165,012	140,196
Telephone	3,962	3,440	2,965
Therapeutic and training supplies	5,372	4,231	-
Travel and seminars	3,903	8,835	6,957
	<u>\$ 584,380</u>	<u>\$ 568,868</u>	<u>\$ 207,776</u>

See notes to financial statements.

Exhibit C

<u>2017</u> Program Services Totals	General and Administrative	Fundraising	2017 Totals	2016 Totals
\$ 245	\$ 50	\$ 3,798	\$ 4,093	\$ 9,601
11,432	31,080	-	42,512	28,423
-	104	-	104	509
-	3,318	-	3,318	2,430
8,267	-	-	8,267	8,469
16,016	-	-	16,016	19,128
2,000	1,576	-	3,576	3,967
304,001	-	-	304,001	331,795
78,391	27,739	5,989	112,119	109,581
2,762	-	-	2,762	3,333
54,841	19,267	187	74,295	85,289
1,249	130	-	1,379	1,572
519	-	-	519	578
28,889	7,877	-	36,766	44,429
7,844	8,747	-	16,591	16,296
2,770	-	-	2,770	5,892
714	347	-	1,061	7,650
5,765	103	-	5,868	2,327
962	-	-	962	1,241
19,647	3,270	-	22,917	21,539
15,085	19,369	22,776	57,230	40,161
52,845	19,686	3,187	75,718	71,741
38,986	-	-	38,986	42,984
497	1,061	47	1,605	1,661
5,080	7,451	3,930	16,461	12,366
2,916	38,482	-	41,398	32,360
5,447	-	-	5,447	7,379
654,189	262,100	42,683	958,972	914,016
10,367	4,770	360	15,497	14,179
9,603	180	-	9,783	10,750
19,695	179	472	20,346	23,838
<u>\$ 1,361,024</u>	<u>\$ 456,886</u>	<u>\$ 83,429</u>	<u>\$ 1,901,339</u>	<u>\$ 1,875,484</u>

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

For the year ended June 30, 2017
(with comparative totals for 2016)

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 221,558	\$ (184,095)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Bad debts	42,512	28,423
Depreciation	36,766	44,429
Realized and unrealized (gain) loss on investments, net	(291,929)	252,322
Loss on disposal of assets	83	-
Donation of property	-	-
(Increase) decrease in operating assets:		
Service fees receivable	(9,138)	(20,977)
United Way receivable	-	19,370
Prepaid expenses	-	58,049
Increase (decrease) in operating liabilities:		
Accounts payable	(11,045)	7,749
Accrued vacation	3,385	1,174
	<u>(7,808)</u>	<u>206,444</u>
Net cash provided by (used in) operating activities		
	<u>(7,808)</u>	<u>206,444</u>
Cash Flows From Investing Activities:		
Purchases of investments	(88,501)	(1,878,851)
Proceeds from sales and maturities of investments	49,080	1,818,583
Purchases of property and equipment	(32,387)	(24,897)
	<u>(71,808)</u>	<u>(85,165)</u>
Net cash used in investing activities		
	<u>(71,808)</u>	<u>(85,165)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(79,616)	121,279
Cash and Cash Equivalents		
Beginning of year	<u>255,710</u>	<u>134,431</u>
End of year	<u>\$ 176,094</u>	<u>\$ 255,710</u>

See notes to financial statements.

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

June 30, 2017 and 2016

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: The Raintree House program, The Therapeutic Family Care and Private Family Care programs (Foster Care programs), and the Family Support Coordination program. Funding for the Raintree House program and the Foster Care programs 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 reports information regarding financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted, based on donor stipulations and restrictions placed on contributions, if any. Accordingly, net assets of the Agency and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Agency and/or the passage of time. As of June 30, 2017 and 2016, the Agency did not have any temporarily restricted net assets.

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

c. Basis of Presentation (Continued)

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Agency. Generally, the donors of these assets permit the Agency to use all or part of the income earned on related investments for general or specific purposes. As of June 30, 2017 and 2016, the Agency did not have any permanently restricted net assets.

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.

g. Contributions and Revenue Recognition

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose

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

g. Contributions and Revenue Recognition (Continued)

restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

h. Investments

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

i. Property and Equipment

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

j. Donated Services of Volunteers

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

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

k. Allocated Expenses

The costs of providing the various programs and other activities are summarized in the Statement of Functional Expenses. Certain expenses have been allocated among the programs and support services based on management's estimates of the costs involved.

l. Income Taxes

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

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosures of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. Tax years ended June 30, 2014 and later remain subject to examination by the taxing authorities. As of June 30, 2017, management of the Agency believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

m. 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 12, 2017, 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, 2017. As of June 30, 2017, the Agency had no cash in excess of the insured limits.

Note 3 - INVESTMENTS

As of June 30, 2017, investments are composed of the following:

	<u>Cost</u>	<u>Market Value</u>	<u>Excess of Market Value Cost Over</u>
Mutual funds	\$ 3,200,136	\$ 3,374,231	\$ 174,095
Certificate of deposit	<u>3,033</u>	<u>3,033</u>	<u>-</u>
Totals	<u>\$ 3,203,169</u>	<u>\$ 3,377,264</u>	<u>\$ 174,095</u>

	<u>Cost</u>	<u>Market Value</u>	<u>Excess of Market Value Over Cost (Cost Over Market)</u>
Balances at June 30, 2017	<u>\$ 3,203,169</u>	<u>\$ 3,377,264</u>	\$ 174,095
Balances at June 30, 2016	<u>\$ 3,160,761</u>	<u>\$ 3,045,914</u>	<u>(114,847)</u>
Increase in unrealized appreciation			<u>\$ 288,942</u>

Investment income for the year ended June 30, 2017 is summarized as follows:

Unrealized gain	\$ 288,942
Realized gains on sales of investments	2,987
Dividends, interest and capital gain distributions	88,502
Royalties	525
Investment fees	<u>(18,781)</u>
Net investment income	<u>\$ 362,175</u>

Note 3 - INVESTMENTS (Continued)

As of June 30, 2016, investments are composed of the following:

	Cost	Market Value	Excess of Cost Over Market Value
Mutual funds	\$ 3,157,744	\$ 3,042,897	\$ (114,847)
Certificate of deposit	3,017	3,017	-
Totals	\$ 3,160,761	\$ 3,045,914	\$ (114,847)

	Cost	Market Value	Excess of Market Value Over Cost (Cost Over Market)
Balances at June 30, 2016	\$ 3,160,761	\$ 3,045,914	\$ (114,847)
Balances at June 30, 2015	\$ 3,117,557	\$ 3,237,968	120,411
Increase in unrealized depreciation			\$ (235,258)

Investment income for the year ended June 30, 2016 is summarized as follows:

Unrealized loss	\$ (235,258)
Realized losses on sales of investments	(17,064)
Dividends, interest, and capital gain distributions	153,823
Royalties	3,169
Investment fees	(18,555)
Net investment loss	\$ (113,885)

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, 2017 and 2016.

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

Note 4 - FAIR VALUE MEASUREMENTS (Continued)

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

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

Assets measured at fair value on a recurring basis as of June 30, 2017 and 2016 are comprised of and determined as follows:

Description	Total Assets Measured at Fair Value	% of Total	2017 Based on		
			Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Mutual funds					
Large value	\$ 371,020	10.99	\$ 371,020		
Large growth	374,969	11.10	374,969		
Foreign large blend	336,274	9.96	336,274		
Multisector bond	1,807,157	53.51	1,807,157		
Small blend	187,842	5.56	187,842		
Convertible bond	135,721	4.02	135,721		
Small growth	161,248	4.77	161,248		
Certificate of deposit	3,033	0.09	3,033		
Totals	<u>\$ 3,377,264</u>	<u>100.00</u>	<u>\$ 3,377,264</u>	<u>\$ -</u>	<u>\$ -</u>

Note 4 - FAIR VALUE MEASUREMENTS (Continued)

Description	Total Assets Measured at Fair Value	% of Total	2016		
			Based on		
			Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Mutual funds					
Large value	\$ 304,054	9.98	\$ 304,054		
Large growth	315,436	10.36	315,436		
Foreign large blend	257,931	8.47	257,931		
Multisector bond	1,740,262	57.13	1,740,262		
Small blend	149,153	4.90	149,153		
Convertible bond	150,404	4.94	150,404		
Small growth	125,657	4.13	125,657		
Certificate of deposit	3,017	0.09	3,017		
Totals	<u>\$ 3,045,914</u>	<u>100.00</u>	<u>\$ 3,045,914</u>	<u>\$ -</u>	<u>\$ -</u>

As of June 30, 2017 and 2016, 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, 2017 and 2016 is as follows:

	2017	2016
Land	\$ 90,000	\$ 90,000
Buildings and improvements	1,135,816	1,103,429
Furniture and equipment	242,028	248,696
Automobiles	54,804	54,804
	1,522,648	1,496,929
Less accumulated depreciation	<u>(1,028,483)</u>	<u>(998,302)</u>
Totals	<u>\$ 494,165</u>	<u>\$ 498,627</u>

Depreciation expense for the years ended June 30, 2017 and 2016 was \$36,766 and \$44,429, respectively.

Note 6 - ECONOMIC DEPENDENCY

During the years ended June 30, 2017 and 2016, the Agency received \$1,305,434 and \$1,298,389, respectively, approximately 61% and 77%, 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, 2017 and 2016, the Agency received \$143,329 and \$165,944, respectively, approximately 7% and 10%, respectively, of its support and program revenues, in the form of Medicaid reimbursements for the Family Support Coordination programs. 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 7 - RISKS AND UNCERTAINTIES

Investments in various securities, in general, 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 8 - 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, 2017 and 2016.

SUPPLEMENTAL INFORMATION

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

June 30, 2017
(with comparative totals for 2016)

	2017			2016		
	<u>Support and Revenues</u>	<u>Expenses</u>	<u>Net</u>	<u>Support and Revenues</u>	<u>Expenses</u>	<u>Net</u>
Raintree House program	\$ 705,697	\$ 584,380	\$ 121,317	\$ 646,248	\$ 549,716	\$ 96,532
Foster Care programs	688,948	568,868	120,080	755,046	603,902	151,144
Family Support Coordination	143,329	207,776	(64,447)	165,944	222,886	(56,942)
Total program services	1,537,974	1,361,024	176,950	1,567,238	1,376,504	190,734
Contributions	46,776	-	46,776	39,832	-	39,832
Private grants	31,250	-	31,250	30,000	-	30,000
United Way grants and designations	10,203	-	10,203	7,250	-	7,250
Investment income (loss)	362,175	-	362,175	(113,885)	-	(113,885)
Other income	26,083	-	26,083	29,062	-	29,062
Special events	134,921	26,485	108,436	152,569	20,677	131,892
General and administrative	-	456,886	(456,886)	-	428,940	(428,940)
Fundraising	-	83,429	(83,429)	-	70,040	(70,040)
Totals	<u>\$ 2,149,382</u>	<u>\$ 1,927,824</u>	<u>\$ 221,558</u>	<u>\$ 1,712,066</u>	<u>\$ 1,896,161</u>	<u>\$ (184,095)</u>

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

Raintree Services, Inc.

For the year ended June 30, 2017

Agency Head Name: LaShawna Schofield, Executive Director

Purpose

Salary	\$ 108,560
Benefits - insurance	6,382
Benefits - retirement	0
Benefits - other	0
Car allowance	0
Vehicle provided by government	0
Per diem	0
Reimbursements	340
Travel	0
Registration fees	0
Conference travel	0
Continuing professional education fees	85
Housing	0
Unvouchered expenses	0
Special meals	0
	<hr/>
	\$ 115,367

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, 2017, 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 12, 2017.

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") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

A handwritten signature in cursive script that reads "Bourgeois Bennett, L.L.C.".

Certified Public Accountants.

New Orleans, Louisiana,
December 12, 2017.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Raintree Services, Inc.

For the year ended June 30, 2017

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

Internal Control Over Financial Reporting

There were no findings noted during the audit of the year ended June 30, 2016 related to internal control over financial reporting.

Compliance and Other Matters

There were no findings noted during the audit of the year ended June 30, 2016 related to compliance and other matters.

Section II - Internal Control and Compliance Material to Federal Awards

Raintree Services, Inc. did not receive Federal awards in excess of \$750,000 during the year ended June 30, 2016 and, therefore, was exempt from the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards (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, 2016.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Raintree Services, Inc.

For the year ended June 30, 2017

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

Internal Control Over Financial Reporting

There were no findings noted during the audit of the year ended June 30, 2017 related to internal control over financial reporting.

Compliance and Other Matters

There were no findings noted during the audit of the year ended June 30, 2017 related to compliance and other matters.

Section II - Internal Control and Compliance Material to Federal Awards

Raintree Services, Inc. did not expend more than \$750,000 in Federal awards during the year ended June 30, 2017, and therefore, was exempt from the audit requirements under Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (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, 2017.