

*Financial Report*  
*Raintree Services, Inc.*  
*June 30, 2018*



*Financial Report*

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*June 30, 2018*

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June 30, 2018 and 2017

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**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, 2018, 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, 2018, 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 November 28, 2018, 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 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 12, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountants.

New Orleans, Louisiana,  
November 28, 2018.

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

June 30, 2018  
(with comparative totals for 2017)

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 256,615	\$ 176,094
Service fees receivable	158,885	111,573
Prepaid expenses	50,071	-
Investments	3,617,043	3,377,264
Property and equipment, net of accumulated depreciation	<u>494,663</u>	<u>494,165</u>
Total assets	<u>\$ 4,577,277</u>	<u>\$ 4,159,096</u>
<b>Liabilities</b>		
Accounts payable	\$ 7,545	\$ 5,720
Accrued vacation	<u>28,503</u>	<u>27,574</u>
Total liabilities	<u>36,048</u>	<u>33,294</u>
<b>Net Assets</b>		
Unrestricted	<u>4,541,229</u>	<u>4,125,802</u>
Total liabilities and net assets	<u>\$ 4,577,277</u>	<u>\$ 4,159,096</u>

See notes to financial statements.

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

For the year ended June 30, 2018  
(with comparative totals for 2017)

	<u>2018</u>	<u>2017</u>
<b>Support and Revenues</b>		
Raintree House Program	\$ 842,846	\$ 705,697
Foster Care Program	800,730	688,948
Family Support Coordination	193,450	143,329
Contributions and private grants	79,263	78,026
United Way grants and designations	6,274	10,203
Investment income	239,780	362,175
Other income	14,131	26,083
Special event income, net of expenses ((\$33,740 and \$26,485, respectively))	<u>118,592</u>	<u>108,436</u>
Total support and revenues	<u>2,295,066</u>	<u>2,122,897</u>
<b>Expenses</b>		
Program services:		
Raintree House Program	579,134	584,380
Foster Care Program	574,854	568,868
Family Support Coordination	216,692	207,776
General and administrative	425,985	456,886
Fundraising	<u>82,974</u>	<u>83,429</u>
Total expenses	<u>1,879,639</u>	<u>1,901,339</u>
<b>Change in Net Assets</b>	415,427	221,558
<b>Net Assets</b>		
Beginning of year	<u>4,125,802</u>	<u>3,904,244</u>
End of year	<u>\$ 4,541,229</u>	<u>\$ 4,125,802</u>

See notes to financial statements.

## STATEMENT OF FUNCTIONAL EXPENSES

### Raintree Services, Inc.

For the year ended June 30, 2018  
(with comparative totals for 2017)

	2018		
	Program Services		
	Raintree House	Foster Care	Family Support Coordination
Advertising and promotion	\$ -	\$ 448	\$ -
Bad debts	-	-	-
Bank charges	-	-	-
Consultants	474	474	474
Contracted services	-	-	9,324
Dietary expenses	16,208	-	-
Dues and subscriptions	1,000	1,000	-
Foster Care parent expenses	-	355,172	-
Health insurance	32,380	19,382	18,897
Housekeeping and laundry	3,151	-	-
Insurance	39,604	7,854	7,681
Licenses and permits	592	50	600
Medical	455	-	-
Occupancy:			
Depreciation	19,737	-	4,607
Maintenance, buildings, and grounds	7,908	433	433
Outside services	6,765	-	-
Repairs, buildings, and grounds	4,769	-	-
Repairs, furniture, and equipment	2,144	-	-
Supplies	-	110	1,089
Utilities	15,422	2,427	3,111
Other	3,535	12,007	275
Payroll taxes	27,577	10,458	11,411
Personal client needs	19,689	16,443	-
Postage	354	87	298
Printing and office supplies	381	618	1,063
Professional services	844	933	625
Recreational expenses	12,286	45	-
Salaries	346,200	133,666	147,295
Telephone	3,794	3,141	2,971
Therapeutic and training supplies	4,478	3,204	91
Travel and seminars	9,387	6,902	6,447
	<u>\$ 579,134</u>	<u>\$ 574,854</u>	<u>\$ 216,692</u>

See notes to financial statements.

Exhibit C

<u>2018</u> <u>Program</u> <u>Services</u>				
<u>Totals</u>	<u>General and</u> <u>Administrative</u>	<u>Fundraising</u>	<u>2018</u> <u>Totals</u>	<u>2017</u> <u>Totals</u>
\$ 448	\$ 37	\$ 7,814	\$ 8,299	\$ 4,093
-	-	-	-	42,512
-	241	-	241	104
1,422	8,321	-	9,743	3,318
9,324	-	3,000	12,324	8,267
16,208	-	-	16,208	16,016
2,000	1,635	-	3,635	3,576
355,172	-	-	355,172	304,001
70,659	26,322	6,114	103,095	112,119
3,151	-	-	3,151	2,762
55,139	22,133	165	77,437	74,295
1,242	300	-	1,542	1,379
455	-	-	455	519
24,344	13,909	-	38,253	36,766
8,774	6,652	-	15,426	16,591
6,765	-	-	6,765	2,770
4,769	-	-	4,769	1,061
2,144	1,897	-	4,041	5,868
1,199	167	-	1,366	962
20,960	3,312	-	24,272	22,917
15,817	11,417	10,941	38,175	57,230
49,446	19,665	3,445	72,556	75,718
36,132	-	-	36,132	38,986
739	1,245	915	2,899	1,605
2,062	12,741	3,611	18,414	16,461
2,402	26,999	-	29,401	41,398
12,331	-	-	12,331	5,447
627,161	262,562	46,222	935,945	958,972
9,906	5,248	90	15,244	15,497
7,773	721	-	8,494	9,783
22,736	461	657	23,854	20,346
<u>\$ 1,370,680</u>	<u>\$ 425,985</u>	<u>\$ 82,974</u>	<u>\$ 1,879,639</u>	<u>\$ 1,901,339</u>

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

For the year ended June 30, 2018  
(with comparative totals for 2017)

	<u>2018</u>	<u>2017</u>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 415,427	\$ 221,558
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Bad debts	-	42,512
Depreciation	38,253	36,766
Realized and unrealized gain on investments, net	(110,117)	(291,929)
Loss on disposal of assets	5,917	83
Increase in operating assets:		
Service fees receivable	(47,312)	(9,138)
Prepaid expenses	(50,071)	-
Increase (decrease) in operating liabilities:		
Accounts payable	1,825	(11,045)
Accrued vacation	929	3,385
	<u>254,851</u>	<u>(7,808)</u>
Net cash provided by (used in) operating activities		
<b>Cash Flows From Investing Activities:</b>		
Purchases of investments	(609,417)	(88,501)
Proceeds from sales of investments	479,755	49,080
Purchases of property and equipment	(44,668)	(32,387)
	<u>(174,330)</u>	<u>(71,808)</u>
Net cash used in investing activities		
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	80,521	(79,616)
<b>Cash and Cash Equivalents</b>		
Beginning of year	<u>176,094</u>	<u>255,710</u>
End of year	<u>\$ 256,615</u>	<u>\$ 176,094</u>

See notes to financial statements.

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

June 30, 2018 and 2017

**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, 2018 and 2017, 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, 2018 and 2017, 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 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.

**f. Service Fees Receivable**

Service fees receivable consists primarily of unsecured amounts due from various governmental agencies. The difference between the amount due and the amount management expects to collect is reported as bad debts using the direct write-off method. Accounting principles generally accepted in the United States of America require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed. Management believes that all balances as of June 30, 2018 and 2017 are collectible and that an allowance for doubtful receivables was not necessary.

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

**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 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 the certificate of deposit measured at fair value in the Statements of Financial Position. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the Statements 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, 2015 and later remain subject to examination by the taxing authorities. As of June 30, 2018, 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 November 28, 2018, 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, 2018. As of June 30, 2018, the Agency had no cash in excess of the insured limits.

**Note 3 - INVESTMENTS**

As of June 30, 2018, investments are composed of the following:

	<u>Cost</u>	<u>Market Value</u>	<u>Excess of Market Value Cost Over</u>
Mutual funds	\$ 3,351,063	\$ 3,614,004	\$ 262,941
Certificate of deposit	<u>3,039</u>	<u>3,039</u>	<u>-</u>
Totals	<u>\$ 3,354,102</u>	<u>\$ 3,617,043</u>	<u>\$ 262,941</u>
	<u>Cost</u>	<u>Market Value</u>	<u>Excess of Market Value Over Cost</u>
Balances at June 30, 2018	<u>\$ 3,354,102</u>	<u>\$ 3,617,043</u>	\$ 262,941
Balances at June 30, 2017	<u>\$ 3,203,169</u>	<u>\$ 3,377,264</u>	<u>174,095</u>
Increase in unrealized appreciation			<u>\$ 88,846</u>

Investment income for the year ended June 30, 2018 is summarized as follows:

Unrealized gain	\$ 88,846
Realized gains on sales of investments	21,271
Dividends, interest and capital gain distributions	148,074
Investment fees	<u>(18,411)</u>
Net investment income	<u>\$ 239,780</u>

**Note 3 - INVESTMENTS (Continued)**

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

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

  

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

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	(18,781)
Net investment income	\$ 362,175

**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, 2018 and 2017.

*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, 2018 and 2017 are comprised of and determined as follows:

Description	Total Assets Measured at Fair Value	% of Total	2018		
			Based on		
			Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<i>Mutual funds</i>					
Multisector bond	\$ 1,501,045	41.50	\$ 1,501,045		
Large growth	554,252	15.32	554,252		
Large value	533,039	14.74	533,039		
Foreign large blend	499,257	13.80	499,257		
Small growth	194,743	5.38	194,743		
Small blend	175,134	4.84	175,134		
Convertible bond	156,534	4.33	156,534		
Certificate of deposit	3,039	0.09	3,039		
Totals	<u>\$ 3,617,043</u>	<u>100.00</u>	<u>\$ 3,617,043</u>	<u>\$ -</u>	<u>\$ -</u>

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

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>

As of June 30, 2018 and 2017, 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, 2018 and 2017 is as follows:

	2018	2017
Land	\$ 90,000	\$ 90,000
Buildings and improvements	1,151,875	1,135,816
Furniture and equipment	221,320	242,028
Automobiles	54,804	54,804
	1,517,999	1,522,648
Less accumulated depreciation	<u>(1,023,336)</u>	<u>(1,028,483)</u>
Totals	<u>\$ 494,663</u>	<u>\$ 494,165</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$38,253 and \$36,766, respectively.

**Note 6 - ECONOMIC DEPENDENCY**

During the years ended June 30, 2018 and 2017, the Agency received \$1,535,826 and \$1,305,434, respectively, approximately 67% and 61%, 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, 2018 and 2017, the Agency received \$193,450 and \$143,329, respectively, approximately 8% and 7%, 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**

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

**Note 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, 2018 and 2017.

**SUPPLEMENTAL INFORMATION**

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

June 30, 2018  
(with comparative totals for 2017)

	2018			2017		
	Support and Revenues	Expenses	Net	Support and Revenues	Expenses	Net
Raintree House Program	\$ 842,846	\$ 579,134	\$ 263,712	\$ 705,697	\$ 584,380	\$ 121,317
Foster Care Program	800,730	574,854	225,876	688,948	568,868	120,080
Family Support Coordination	193,450	216,692	(23,242)	143,329	207,776	(64,447)
Total program services	1,837,026	1,370,680	466,346	1,537,974	1,361,024	176,950
Contributions	54,263	-	54,263	46,776	-	46,776
Private grants	25,000	-	25,000	31,250	-	31,250
United Way grants and designations	6,274	-	6,274	10,203	-	10,203
Investment income	239,780	-	239,780	362,175	-	362,175
Other income	14,131	-	14,131	26,083	-	26,083
Special events	152,332	33,740	118,592	134,921	26,485	108,436
General and administrative	-	425,985	(425,985)	-	456,886	(456,886)
Fundraising	-	82,974	(82,974)	-	83,429	(83,429)
Totals	<u>\$ 2,328,806</u>	<u>\$ 1,913,379</u>	<u>\$ 415,427</u>	<u>\$ 2,149,382</u>	<u>\$ 1,927,824</u>	<u>\$ 221,558</u>

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

**Raintree Services, Inc.**

For the year ended June 30, 2018

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

**Purpose**

Salary	\$ 110,424
Benefits - insurance	7,768
Benefits - retirement	1,200
Benefits - other	81
Car allowance	0
Vehicle provided by government	0
Per diem	0
Reimbursements	0
Travel	276
Registration fees	0
Conference travel	0
Continuing professional education fees	269
Housing	0
Unvouchered expenses	0
Special meals	0
	<hr/>
	<u>\$ 120,018</u>

**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, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 28, 2018.

**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.

*Bougeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, Louisiana,  
November 28, 2018.

## **SCHEDULE OF FINDINGS AND RESPONSES**

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

For the year ended June 30, 2018

#### **Section I - Summary of Auditor's Results**

##### a) Financial Statements

Type of auditor's report issued: unmodified

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

Noncompliance material to financial statements noted?     Yes  No

##### b) Federal Awards

Raintree Services, Inc. did not receive Federal awards in excess of \$750,000 during the year ended June 30, 2018 and, therefore, is 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 II - 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, 2018 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, 2018 related to compliance and other matters.

#### **Section III - Federal Award Findings and Questioned Costs**

Not applicable.

**REPORTS BY MANAGEMENT**

## **SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**

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

For the year ended June 30, 2018

#### **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 receive Federal awards in excess of \$750,000 during the year ended June 30, 2017 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, 2017.

# **MANAGEMENT'S CORRECTIVE ACTION PLAN**

## **Raintree Services, Inc.**

For the year ended June 30, 2018

### **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, 2018 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, 2018 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, 2018, 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, 2018.