

NEW HORIZONS, INC.
SHREVEPORT, LOUISIANA
FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NEW HORIZONS. INC.
SHREVEPORT, LOUISIANA

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SEPTEMBER 30, 2015

AUDITED FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
New Horizons, Inc.
Shreveport, LA.

Report on the Financial Statements

I have audited the accompanying financial statements of New Horizons, Inc., a Louisiana non-for-profit corporation, which comprise the statement of financial position as of September 30, 2015, and the related statements of activities and changes in net assets, cash flows and functional expenses 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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audits 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, I express no such opinion. An audit 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

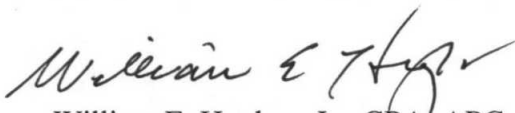
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Horizons, Inc., as of September 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits and other payments to agency head or chief executive officer on page 15 is presented for the purposes of additional analysis and are 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 my 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*, I have also issued a report dated March 24, 2016, on my consideration of New Horizons, Inc.'s, internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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 New Horizon's internal control over financial reporting and compliance.


William E. Hughes, Jr., CPA, APC
March 24, 2016

NEW HORIZONS, INC.

STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2015

ASSETS

Current Assets:

Cash and cash equivalents	\$ 232,174
Certificate of Deposit	54,641
Contract and Grant Receivables	261,355
Prepaid Exp.	15,496
Total Current Assets	<u>\$ 563,666</u>

Property and Equipment:

Property and Equipment	85,954
Accumulated Depreciation	<u>(85,954)</u>
Net Property and Equipment	<u>-</u>

Total Assets	<u>\$ 563,666</u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable - Trade	\$ 14,534
Accrued Expenses - Payroll	196,096
Accrued Expenses - Compensated Absences	24,691
Total Current Liabilities	<u>235,321</u>

Net Assets:

Unrestricted:	<u>328,345</u>
Total Net Assets	<u>328,345</u>

Total Liabilities and Net Assets	<u>\$ 563,666</u>
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The accompanying notes are an integral part of the financial statements.

NEW HORIZONS, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Unrestricted</u>
<u>Revenues and Other Support:</u>	
Federal and State grants	\$ 626,394
Medicaid programs	2,474,985
Other program income	107,865
Donations	-
Fundraising Income	16,263
Other Income	41,927
Gain on Disposition of Assets	300
Interest income	555
Total Revenues and Other Support	<u>3,268,289</u>
 <u>Expenses:</u>	
Program Expenses	2,982,757
Supporting services:	
Management and general	266,938
Fundraising	9,945
Total Expenses	<u>3,259,640</u>
 <u>Change in Net Assets</u>	8,649
 <u>Net Assets - Beginning of Year</u>	<u>319,696</u>
 <u>Net Assets - End of Year</u>	<u><u>\$ 328,345</u></u>

The accompanying notes are an integral part of the financial statements.

NEW HORIZONS, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Cash Flows from Operating Activities:

Increase (Decrease) in Net Assets	\$ 8,649
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	-
(Increase) decrease in operating assets:	
Contract and Grant receivables	87,448
Prepaid Expenses	(8,698)
Increase (decrease) in operating liabilities	
Accounts payable - Trade	(4,018)
Accrued Expenses - Payroll	(16,593)
Accrued Expenses - Compensated Absences	2,256
Net Cash provided (used) by operating activities	<u>69,044</u>

Cash Flows from Investing Activities:

Purchase of short-term investment	(326)
Purchase of property and equipment	-
Net cash used in investing activities	<u>(326)</u>

Cash Flows from Financing Activities

-

Net increase (decrease) in cash 68,718

Cash at Beginning of Year 163,456

Cash at End of Year \$ 232,174

Required Supplementary Information:

Interest Paid During the Year \$ -

The accompanying notes are an integral part of the financial statements.

NEW HORIZONS, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Expenses	<u>Program Services</u>	<u>Supporting Services, Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Wages	\$ 2,296,470	\$ 183,846	\$ -	\$ 2,480,316
Payroll Taxes	205,694	16,472	-	222,166
Employee Benefits	24,771	6,192	-	30,963
Insurance	65,914	9,222	-	75,136
Equipment purchases - Consumer	1,753	-	-	1,753
Services/Supplies - Consumer	67,664	-	-	67,664
Supplies - Office	11,938	3,979	-	15,917
Training	2,738	912	-	3,650
Travel	41,658	2,192	-	43,850
Dues and Subscriptions	5,297	1,766	-	7,063
Contracted Services	90,789	16,021	-	106,810
Legal Fees	-	78	-	78
Rent	104,976	11,664	-	116,640
Fundraising	-	-	9,945	9,945
Postage	-	5,141	-	5,141
Repairs and Maintenance	3,409	72	-	3,481
Public Awareness	12,263	1,329	-	13,592
Telephone	21,001	2,333	-	23,334
Utilities	13,822	1,536	-	15,358
Miscellaneous	12,600	4,183	-	16,783
Depreciation	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses	<u>\$ 2,982,757</u>	<u>\$ 266,938</u>	<u>\$ 9,945</u>	<u>\$ 3,259,640</u>

The accompanying notes are an integral part of the financial statements.

NEW HORIZONS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

I. Summary of Significant Accounting Policies

A. Nature of Activities

New Horizons, Inc. (New Horizons), is a nonprofit corporation under the laws of the State of Louisiana. New Horizons was established to provide an opportunity for those individuals with disabilities to live independently through a broad range of support services including informational support, educational services, personal care attendants, transportation, recreation, and other services, and to make possible a broader life for those individuals and families with special needs. The following programs are administered by New Horizons, shown with their approximate percentages of total revenue:

Medicaid — 76 %
Title VII Part C and ARRA — 8%
State Grants — 11%
Program and Other Income — 5%

B. Basis of Accounting

The financial statements of New Horizons, Inc., have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues are recognized when they become measurable and available as net current assets. Expenditures are recognized when they are incurred.

C. Basis of Presentation

The Organization has adopted FASB Accounting Standard Codification 958-205 “Not-for-Profit Organizations.” Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets represent resources over which the Board of Directors has unlimited discretionary control to use in carrying out the activities of the organization in accordance with the Articles of Incorporation and bylaws.

Temporary restricted net assets represent resources over which use is limited by donor-imposed restrictions that will be met either by actions of the organization or by passage of time.

Permanently restricted net assets represent resources whose use is limited by donor-imposed restrictions that require the net assets to be maintained permanently.

In addition, the Organization is required to present a statement of cash flows.

NEW HORIZONS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

1. Summary of Significant Accounting Policies (Continued)

D. Income Tax Status

New Horizons, Inc., is a tax-exempt organization as described in Section 501(c) (3) of the Internal Revenue Code and is classified by the Internal Revenue Services as an organization other than a private foundation. New Horizons, therefore, is not subject to income taxes and, therefore, no provision for income taxes was made in the accompanying financial statements.

The Organization follows the provisions of the Accounting for Uncertainty in Income Taxes Topic of the FASB ASC. All tax returns have been appropriately filed by the Organization. The Organization recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The Organization had no tax interest and penalties for the year ended September 30, 2015.

The Organization's tax filings are subject to audit by various taxing authorities. The Organization's open audit periods are 2013 through 2015. Management evaluated the Organization's tax position and concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

E. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

For purposes of reporting cash flows, New Horizons considers all highly liquid investments in money market funds, operating bank accounts and investments available for current use with initial maturity of three months or less to be cash equivalents.

G. Investments and Fair Value Measurements

FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

- Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority.

NEW HORIZONS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

1. Summary of Significant Accounting Policies (Continued)

- Level 2 uses observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
- Level 3 inputs have the lowest priority. Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing methods, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The certificate of deposit recorded in the accompanying financial statements has a balance of \$54,315. The certificate bears interest of .60% with a six-month maturity date of December 13, 2015. The Level 2 input used for the certificates of deposit was cost, which approximates fair value.

H. Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The State of Louisiana and the federal government have a reversionary interest in property purchased with state and federal funds. Its disposition as well as the ownership of any proceeds therefrom is subject to state and federal regulations. All expenditures in excess of \$2,500 for property and equipment are capitalized.

I. Revenue and Support

Contributions received may be recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Federal and State contractual grant revenue is reported as unrestricted support due to the restrictions placed on those funds by the funding sources being met in the same reporting period as the revenue is earned.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily

NEW HORIZONS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

1. Summary of Significant Accounting Policies (Continued)

restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

ĀJ. Retirement Obligations

J. Retirement Obligations

The employees of New Horizons are members of the Social Security System. There are no other retirement plans available through New Horizons.

K. Compensated Absences

Annual leave is earned by employees as follows:

<u>Length of Service</u>	<u>Annual Leave Earned</u>
One year	One week
Over five years	Two weeks

Generally, up to four weeks of unused annual leave may be carried over to succeeding fiscal years.

Sick leave is earned at the rate of one day per calendar month of employment, and accumulates up to twelve days. Employees are not compensated for unused sick leave at termination.

L. Advertising

New Horizon's, Inc. expenses advertising costs as incurred. Advertising expense for the year ended September 30, 2015 was \$13,293.

M. Contributions

In accordance with the *Accounting for Contributions Received and Contributions Made* Topic of FASB ASC (FASB ASC 958), contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Under ASC 958-55, such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the related time restrictions or the funds are expended in accordance with the donor's intention. The Organization has elected to recognize temporarily restricted contributions which are released from the restrictions in the same year as unrestricted contributions.

NEW HORIZONS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

1. Summary of Significant Accounting Policies (Continued)

N. Functional Allocation of Expense

The costs of providing the Organization's programs and services have been summarized on a functional basis in the Statement of Functional Expenses. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

O. Donated Services

No amounts have been reflected in the financial statements for donated services requiring specific expertise. However, many individuals volunteer time and perform a variety of tasks that assist the Organization with specific programs and assignment.

2. Concentrations of Credit Risk

Financial instruments that potentially subject New Horizons to concentrations of credit risk consist principally of temporary cash investments and grant receivables.

Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. As of September 30, 2014, New Horizons had no significant concentrations of credit risk in relation to grant receivables.

New Horizons maintains cash balances at one financial institution which, at times, may exceed the federally insured deposit limits. At September 30, 2015, New Horizons had \$ 137,768 on deposit at this bank. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Management monitors the financial condition of the institution on a regular basis, along with their balances in cash and cash equivalents, to minimize this potential risk.

3. Contract and Grant Receivable

Various funding sources provide reimbursement of allowable costs and payment on units of service in connection with providing services under contracts or grant agreements. This balance represents amounts due from funding sources at September 30, 2015, but received after those dates. The following list indicates those funds due by funding source:

Medicaid	\$ 180,638
Title VII Part C	23,940
Other State Grants	<u>56,777</u>
Total Contract and Grant Receivable	<u>\$ 261,355</u>

NEW HORIZONS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

4. Property and Equipment

Property and equipment consisted of the following at September 30, 2015:

	Estimated Depreciable <u>Life</u>	
Furniture and equipment	5 - 7 years	\$19,912
Vehicles	3 - 5 years	66,042
Accumulated depreciation		<u>(85,954)</u>
Net investment in property and equipment		<u>\$ 0</u>

There was no depreciation expense for the year ended September 30, 2015.

5. Federal, State and Medicaid Contractual Revenue

During the years ended September 30, 2015, New Horizons received \$3,190,995 in revenue from Federal, state and Medicaid contracts and grants. The continued existence of these funds is based on annual contract renewals with various funding sources. All revenue from these grants is subject to audit and retroactive adjustment by the respective third-party fiscal intermediaries; adjustments in future periods may be necessary as final grant settlements are determined.

6. Leases

New Horizons, Inc., leases office space under several operating leases. Rental costs on those leases for the years ended September 30, 2015, was \$116,640. Commitments under lease agreements having initial or remaining non-cancelable terms in excess of one year as of September 30, 2015, are as follows:

Years Ending September 30

2016	109,200
2017	100,950
2018	<u>89,400</u>
Total	<u>\$ 299,550</u>

7. Line of Credit

The Organization maintains a credit line for up to \$50,000. There was no outstanding balance on this line of credit at September 30, 2015.

NEW HORIZONS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

8. Economic Dependency

New Horizons receives the majority of its revenue from funds provided by state and federal grants as well as through a contract for patient care services provided to Medicaid eligible individuals. If significant budget cuts are made at the federal and/or state level or the Medicaid contract is not renewed, the amount of funds New Horizons receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Center will receive in the next fiscal year.

9. Board of Directors Compensation

The Board of Directors is a voluntary board: therefore, no compensation or per diem has been paid to any Director

10. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 24, 2016, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Supplementary Information

New Horizons, Inc.
Schedule of Compensation, Benefits and Other
Payments to Agency Head or Chief Executive Officer
Year Ended September 30, 2015

Agency Head Name: Gale Dean

Salary:	\$50,000
Benefits:	
Insurance	0
Reimbursements	<u>0</u>
Total	<u>\$50,000</u>

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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 of
New Horizons, Inc.

I have audited, 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, the financial statements of New Horizons, Inc., (a non-profit corporation), which comprise the statement of financial position as of September 30, 2015, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated March 24, 2016.

Internal Control over Financial Reporting

In planning and performing my audit, I considered New Horizons, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the New Horizons, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 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.

My consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I 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 New Horizons, Inc.'s financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

This purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the New Horizons, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New Horizons, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



William E. Hughes, Jr., CPA
Pineville, LA
March 24, 2016

NEW HORIZONS, INC.

**Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2015**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses:	None reported
Noncompliance material to financial statements noted?	No
Was a management letter issued?	No

Section II – Financial Statement Audit Findings

None.

NEW HORIZONS, INC.

**Schedule of Prior Year Findings and Questioned Costs
For the Year Ended September 30, 2015**

Findings – Financial Statements Audit

None.