

**IC: NUTRITION FOR CHILDREN
(A Non-Profit Corporation)**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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Langley, Williams
& Company, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

LESTER LANGLEY, JR.
DANNY L. WILLIAMS
PHILLIP D. ABSHIRE, JR.
DAPHNE BORDELON BERKEN

NICHOLAS J. LANGLEY
PHILLIP D. ABSHIRE, III
SARAH CLARK WERNER
ALEXIS H. O'NEAL
JESSICA LOTT-HANSEN

INDEPENDENT AUDITORS' REPORT

Board of Directors
IC: Nutrition for Children
Jennings, LA

Opinion

We have audited the accompanying financial statements of IC: Nutrition for Children (the Organization), (a nonprofit organization), which comprise the statement of financial position as of September 30, 2023, and the related statement activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respect, the financial position of the Organization as of September 30, 2023, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that,

individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, benefits and other payments to Agency Head is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2024, on our consideration of IC: Nutrition for Children, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of IC: Nutrition for Children's 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 IC: Nutrition for Children's internal control over financial reporting and compliance.

Joseph A. Williams, Co., P.C.

Lake Charles, Louisiana
March 26, 2024

IC: NUTRITION FOR CHILDREN
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2023

ASSETS

Current Assets:

Cash and cash equivalents	\$ 3,069
Unconditional promises to give	47,539
Total current assets	<u>\$ 50,608</u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Due to providers	\$ 38,279
Payroll related liabilities	9,038
Other payables	20,212
Total current liabilities	<u>67,529</u>

Total liabilities 67,529

Net assets:

Without donor restrictions	<u>(16,921)</u>
Total liabilities and net assets	<u>\$ 50,608</u>

See accompanying notes and independent auditors' report.

**IC: NUTRITION FOR CHILDREN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES & SUPPORT			
Revenues, gains, and other support			
Reimbursements:			
Administrative	\$ 109,351	\$ -	\$ 109,351
Program	-	405,677	405,677
Net assets released from restrictions-			
Restrictions satisfied by payments	405,677	(405,677)	-
Total unrestricted revenues and support	515,028	-	515,028
 EXPENSES			
Program services	444,219	-	444,219
Supporting services:			
Management and general	70,508	-	70,508
Total expenses	514,727	-	514,727
 CHANGE IN UNRESTRICTED NET ASSETS	301	-	301
 NET ASSETS AT BEGINNING OF PERIOD	(17,222)	-	(17,222)
NET ASSETS AT END OF PERIOD	\$ (16,921)	\$ -	\$ (16,921)

See accompanying notes and independent auditors' report.

**IC: NUTRITION FOR CHILDREN
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Insurance	\$ -	\$ 343	\$ 343
Office rent	2,549	4,734	7,283
Office and supplies	-	307	307
Postage and printing	-	964	964
Professional fees	-	9,903	9,903
Provider payments	405,677	-	405,677
Salaries and benefits	26,842	49,849	76,690
Taxes-payroll	2,053	3,814	5,867
Telephone	320	595	915
Miscellaneous	514	-	514
Travel and mileage	6,264	-	6,264
	<u>6,264</u>	<u>-</u>	<u>6,264</u>
 Total expenditures	 <u>\$ 444,219</u>	 <u>\$ 70,508</u>	 <u>\$ 514,727</u>

See accompanying notes and independent auditors' report.

**IC: NUTRITION FOR CHILDREN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 301
Adjustments to reconcile Net Assets to Net Cash Provided (Used) by Operating Activities:	
Increase in unconditional promises to give	(4,509)
Decrease in payroll liabilities	(43)
Increase in due to providers	4,179
Net cash used by operating activities	<u>(72)</u>
Net decrease in cash and cash equivalents	(72)
Cash - beginning of year	<u>3,141</u>
Cash - end of year	<u><u>\$ 3,069</u></u>

See accompanying notes and independent auditors' report.

IC: NUTRITION FOR CHILDREN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – IC: Nutrition for Children (hereafter referred to as the Organization) operates a Family Day Care Home Program under the Child and Adult Care Food Program, Section 17 of the Richard B. Russell National School Lunch Act. Under the provisions of this program, individuals who care for a small number of children in their homes are reimbursed for the costs of meals served to the children. The Organization monitors the composition of the meals to assure nutritional values, makes routine inspections of the homes to ensure the safety of the children who stay there, and acts as an intermediary between the state and federal agencies who administer funds and the providers who care for the children. This program is funded totally by federal funds received from the State of Louisiana Department of Education and is the primary source of the Organization's revenues.

Financial Statement Presentation – The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities. The FASB has established the Accounting Standards Codification (“ASC”) as the source of authoritative accounting principles to be applied in the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Net assets and revenues, expenses, gains, and losses are classified based on the existence of donor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organizations’ management and board of directors.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed stipulations that will be met, either (1) by incurring expenses satisfying the restricted purpose (purpose restricted), and/or passage of time or other events (time-restricted), or (2) will never expire (perpetual in nature). When the restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenue and Expense Recognition – Program reimbursements and grants are recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received. Expenses are recognized in the period incurred in accordance with the accrual basis of accounting.

Promises to Give – Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

IC: NUTRITION FOR CHILDREN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Income Taxes - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Organization's federal Exempt Organization Business Income Tax Returns (Form 990) are subject to examination by the IRS generally for three years after they were filed.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments - ASC section 820 Fair Value Measurements and Disclosures and ASC section 825 Financial Instruments require all entities to disclose the fair value of financial instruments for which it is practicable to estimate fair value. The carrying amount of cash and cash equivalents and accrued receivables approximates fair value because of the short maturity of these financial instruments.

Donated Services and Materials - The Organization recognizes donated services that (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated materials are valued at the current market value at the time of the donation. Donated services and materials were considered to be immaterial.

Support and Expenses - The Organization reports administrative and program reimbursements on the accrual basis of accounting. The amounts due to providers are also reported on the accrual basis of accounting.

A donor-restriction applies to the program reimbursement, and the amount is shown as temporarily restricted net assets. When the donor restriction expires, that is, when the stipulated restriction ends by payments to the providers, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional Allocation of Expenses - Expenses are summarized and categorized based on their function classification as either program or supporting services. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation based on the time used for those functions.

Advertising Costs – The Organization uses advertising to promote its programs among the individuals it serves. The cost of this advertising is expensed as incurred. Advertising costs for the year ended September 30, 2023, was \$-0-.

Leases – The Organization has adopted a policy to consider all leases with a duration of twelve months or less as operating leases.

IC: NUTRITION FOR CHILDREN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Recently issued accounting pronouncements – In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. In April 2019, FASB issued ASU 2019-04, *Codification to Improvements to Topic 326, Financial Instruments – Credit Losses*. In May 2019, FASB issued ASU No. 2019-05, *Financial Instruments – Credit Losses (Topic 326): Targeted Transition Relief*. The new guidance is intended to provide financial statements users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in this update replace the incurred loss impairment methodology in current generally accepted accounting principles with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The effective date is for fiscal years beginning after December 15, 2022, and interim periods within fiscal year beginning after December 15, 2023. Entities may adopt the amendment earlier as of the fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company will evaluate the effects, if any, that adoption of this guidance will have on its financial statements. There was no material impact to the financial statements for the implementation of this standard.

(B) CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Organization considers all highly liquid interest-bearing deposits with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents consist of demand deposits. Of the demand deposits amounts, \$1,800 is maintained in the administrative and provider accounts to be utilized for the family day care home program. The remaining funds of \$950 are held by the General Fund and can be utilized at the discretion of management.

(C) UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are stated at the amount the Organization expects to collect. Management considers all unconditional promises to give to be collectible at September 30, 2023. Unconditional promises to give as of September 30, 2023 consist of the following:

Due from Department of Education	<u>\$ 47,539</u>
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(D) FINANCIAL INSTRUMENTS

The Organization's financial instruments consist of cash, accounts receivable and accounts payable. The carrying amounts for these financial instruments approximates fair value because of their short-term nature.

**IC: NUTRITION FOR CHILDREN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

(E) LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Purpose	Amount
Cash and cash equivalents	\$ 3,069
Due from department of education	47,539
Total	<u>\$ 50,608</u>

This amount is considered available to meet the needs of general expenditures within one year. The Organization receives the majority of its revenue from state and federal government grant programs, and these grants are appropriated each year. The Organization manages its liquidity by regularly monitoring the availability of resources required to meet its operating needs and other contractual commitments. And by operating within a prudent range of financial soundness and stability while maintaining sufficient reserves to provide reasonable assurance that commitments will continue to be met.

(F) CONCENTRATION OF CREDIT RISK

The Organization's cash is deposited in one financial institution. The Organization has concentrated credit risk for cash by maintaining deposits in one bank. At September 30, 2023, there were no deposits in excess of the FDIC insurance of up to \$250,000. The Organization's cash balance did not exceed this limit and therefore was not subject to credit risk. The Organization does not have a credit risk policy.

(G) DONOR RESTRICTION ON NET ASSETS

Substantially all of the donor restrictions on net assets relate to amounts requested from the State of Louisiana, Department of Education for reimbursements to the providers of meals through the Family Day Care Home Program of the U.S. Department of Agriculture Food and Nutrition Services under 7 CFR Part 226. The amount due to providers requested but not yet received at year-end has been accrued in the accompanying financial statements and is listed in Note C.

(H) NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose during the year as follows:

Purpose restriction accomplished:	
Meals provided	<u>\$ 405,677</u>

(I) COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial. Also, a liability for findings and questioned costs is not established until final disposition of such matters by the funding agency.

**IC: NUTRITION FOR CHILDREN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

(J) RISK MANAGEMENT

The Organization is exposed to risks of loss in the areas of general liability. These risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year. Insurance settlements did not exceed insurance coverage.

(K) LITIGATION

There is no pending or threatened litigation, claims, or assessments required to be accrued or disclosed in this financial report.

(L) CONCENTRATIONS

The Organization received substantially all of its total revenue from the Department of Education, State of Louisiana through the U.S. Department of Agriculture Food and Nutrition Services, Family Day Care Home Program, under 7 CFR Part 226. The Organization does not expect that the support from this governmental agency will be lost in the near-term; however, a change in this funding could substantially affect the operations of the Organization.

(M) OPERATING LEASE

The Organization is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations; therefore, the results of these agreements are not reflected in property and equipment. The Organization is leasing office space under a twelve month lease expiring August 31, 2024.

The following is a schedule of future minimum rental payments required under the above operating leases:

<u>Fiscal Year Ended</u>	<u>Amount</u>
2024	<u>\$ 5,500</u>

(N) OTHER PAYABLES

The following is a summary of other payables as of September 30, 2023:

Due to Department of Education	\$ 15,317
Other	<u>4,895</u>
Total other payables	<u>\$ 20,212</u>

(O) SUBSEQUENT EVENTS

Subsequent events were evaluated through the date of the independent auditors' report, which is the date the financial statements were available to be issued. Management feels that no additional disclosures are necessary.

SUPPLEMENTARY INFORMATION

IC: NUTRITION FOR CHILDREN
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO
AGENCY HEAD
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Agency Head Name: Karen LaBowe, Executive Director

Purpose	Amount
Salary	\$ 45,854
Benefits-insurance	-
Benefits-retirement	-
Benefits	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursement	-
Registration fees	-
Conference travel	-
Continuing professional education	-
Housing	-
Special meals	-
Fiscal Year End - Total	\$ 45,854

See accompanying notes and independent auditors' report.



Langley, Williams
& Company, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

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ALEXIS H. O'NEAL
JESSICA LOTT-HANSEN

**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
IC: Nutrition for Children
Jennings, 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 IC: Nutrition for Children (a nonprofit organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 26, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered IC: Nutrition for Children's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of IC: Nutrition for Children's internal control. Accordingly, we do not express an opinion on the effectiveness of IC: Nutrition for Children'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether IC: Nutrition for Children's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Joyly Williams Co., P.C.

Lake Charles, Louisiana

March 26, 2024

IC: NUTRITION FOR CHILDREN

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023**

SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued Unmodified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiency identified not considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

SECTION I – CURRENT YEAR FINDINGS AND MANAGEMENT CORRECTIVE ACTION PLAN

Internal Control –

There were no findings in relation to internal control for the current year.

Compliance –

There were no findings in relation to compliance for the current year.

IC: NUTRITION FOR CHILDREN

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023**

SECTION II – PRIOR YEAR FINDINGS AND MANagements CORRECTIVE ACTION PLAN

Internal Control –

There were no findings in relation to internal control for the prior year.

Compliance – 2022-01 (C) – Late Submission of Report

Finding: The Organization did not submit their audited financial statements to the Louisiana Legislative Auditor by the deadline of March 31, 2022.

Criteria: Louisiana Revised Statute 24:513 requires the Organization’s audited financial statements to be submitted to the Louisiana Legislative Auditor no later than six months after the auditee’s fiscal year-end.

Effect: The Organization was not in compliance with Louisiana R.S. 24:513.

Cause: The Organization did not engage their auditor in a timely manner.

Recommendation: An auditor needs to be engaged prior to the Organization’s year end.

Management’s Response: The Organization will monitor filing deadlines and comply with filing requirements, thereby engaging the auditor before year end.



Langley, Williams
& Company, L.L.C.
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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
IC: Nutrition for Children
Jennings, Louisiana

To the Governing Board of the IC: Nutrition for Children and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2022 through September 30, 2023. The IC: Nutrition For Children's management is responsible for those C/C areas identified in the SAUPs.

The IC: Nutrition for Children ("Organization") has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period October 1, 2022 through September 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/Electronic Municipal Market Access ("EMMA") reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Exception: Per our inspection of the policies and procedures of the Organization, we noted that there are no written policies regarding contracting or disbursements. Ethics and sexual harassment policies are not applicable. There are no credit cards and no debts, as such these are not applicable.

Management's response: Management will update their written policies and procedures for the exceptions noted.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

The board met on a quarterly basis for the fiscal period with a quorum in attendance at all meetings.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue fund. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

There were no exceptions noted as a result of applying the above procedure.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

This is not applicable.

- d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Exceptions were found for the prior year agreed upon procedures, however, in reviewing the board meeting minutes, we do not see any notes about resolving these findings.

Management's response: Management will appoint someone to monitor audit findings going forward.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

We obtained a list of bank accounts from management and management's representation that the list was complete.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

Exception: Per our inspection of the bank reconciliations sampled, they were not prepared within two months of the related statement closing date.

Management's response: The bank reconciliations are prepared by a third-party accountant. We will instruct our accountant to prepare within two months of the statement date.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Exception: There is nothing indicating that the reconciliations were reviewed.

Management's response: The bank reconciliations are prepared by a third-party accountant. The board will designate someone to review and sign off on the bank reconciliations each month.

- c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

There were no outstanding items over 12 months thus making this procedure not applicable.

Collections (excluding electronic funds transfers)

4.

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
- a) Employees responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

All public funds are deposited through Electronic Funds Transfer (EFT). No exceptions noted.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

5.

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Per discussion with management, we noted only one location processes payments for the fiscal period.

- B. For each location selected under #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

There were no exceptions noted as a result of applying this procedure.

- b) At least two employees are involved in processing and approving payments to vendors.

There were no exceptions noted as a result of applying this procedure.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

There were no exceptions noted as a result of applying this procedure.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

There were no exceptions noted as a result of applying this procedure.

- e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

There were no exceptions noted as a result of applying this procedure.

- C. For each location selected under #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

There were no exceptions noted as a result of applying this procedure.

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B, as applicable.

There were no exceptions noted as a result of applying this procedure.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g. sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does not include electronic disbursements.

There were no electronic disbursements during the year making this procedure not applicable.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
- b) Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt

that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

The entity has no credit cards/debit cards/fuel cards or pcards making these procedures not applicable.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

There were no exceptions noted as a result of applying these procedures.

Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:
- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

None of the selected contracts were subject to bid law; therefore, this procedure is not applicable.

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

There were no exceptions noted as a result of applying this procedure.

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

There were no amendments during the fiscal period; therefore, this procedure is not applicable.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

There were no exceptions noted as a result of applying this procedure.

Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

We obtained a listing of all employees during the fiscal period and management's representation that the listing is complete.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #9A above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

There were no exceptions noted as a result of applying this procedure.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

There were no exceptions noted as a result of applying this procedure.

- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

There were no exceptions noted as a result of applying this procedure.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

There were no exceptions noted as a result of applying this procedure.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

There were no terminated employees during the fiscal period thus making this procedure not applicable.

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums,

garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

There were no exceptions noted as a result of applying this procedure.

Ethics

- A. Using the 5 randomly selected employees/officials from procedure #9A under "Payroll and Personnel" above obtain ethics documentation from management, and:
 - a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Not applicable, entity is a non-profit.

Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

There is no debt, therefore, this procedure is not applicable.

Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

No misappropriations noted.

- B. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

There were no exceptions noted as a result of applying this procedure.

Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

We performed the procedure and discussed the results with management.

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

There were no terminated employees in 2023, therefore this procedure is not applicable.

Sexual Harassment

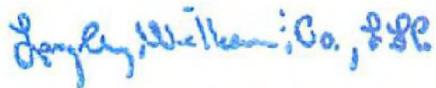
- A. Using the 5 randomly selected employees/officials from procedure #9A under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
- B. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
 - a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

Not applicable, entity is a non-profit.

We were engaged by the IC: Nutrition for Children to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the IC: Nutrition for Children and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

A handwritten signature in blue ink that reads "Langley, Williams & Co., LLC". The signature is written in a cursive, slightly slanted style.

Langley, Williams & Co., LLC
Lake Charles, LA
March 26, 2024