

**FAMILY DAY CARE HOME PROGRAM  
OF  
NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED  
MONROE, LOUISIANA**

**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
WITH SUPPLEMENTAL INFORMATION  
As of And for The Year Ended September 30, 2017**

**BY**

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MONROE, LOUISIANA**

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OF  
NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED  
Monroe, Louisiana**

**Financial Statements  
and Independent Auditor's Report  
with Supplemental Information  
As of and for the Year Ended September 30, 2017**

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### **Independent Auditor's Report**

To the Board of Directors of  
Nutrition Healthy Choice of Monroe, Incorporated  
Monroe, Louisiana

I have audited the accompanying financial statements of Nutrition Healthy Choice of Monroe, Incorporated (a nonprofit organization), which comprise the statement of financial position as of September 30, 2017 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I 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, I 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.

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

**Nutrition Healthy Choice of Monroe, Incorporated  
Independent Auditor's Report (Continued)**

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nutrition Healthy Choice of Monroe, Incorporated as of September 30, 2017, 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**

*Other Information*

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. The information in Schedules 1 through 5 is also presented for purposes of additional analysis and is not a part of the required 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 my report dated March 29, 2018 on my consideration of Nutrition Healthy Choice of Monroe, Incorporated'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 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 Nutrition Healthy Choice of Monroe, Incorporated's internal control over financial reporting and compliance.



Rosie D. Harper  
Certified Public Accountant

Monroe, Louisiana  
March 29, 2018

# **FINANCIAL STATEMENTS**

FAMILY DAY CARE HOME PROGRAM  
OF  
NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED

Statement A

Statement of Financial Position  
September 30, 2017

**Assets**

Cash	\$ 18,562
Reimbursement Receivable	574,934
Other Receivables	<u>606</u>
Total Assets	<u><u>594,102</u></u>

**Liabilities and Net Assets**

Liabilities:

Accrued Liabilities	4,112
Deferred Revenue	40,718
Due to Louisiana Department of Education	1,944
Due to Providers	<u>547,328</u>
Total Liabilities	<u>594,102</u>

Net Assets:

	<u>-</u>
Total Net Assets	<u>-</u>
Total Liabilities and Net Assets	<u><u>\$ 594,102</u></u>

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

FAMILY DAY CARE HOME PROGRAM  
OF  
NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED

Statement B

Statement of Activities  
For the Year Ended  
September 30, 2017

**UNRESTRICTED NET ASSETS**

<b>Net Assets Released from Restrictions</b>	
Restrictions Satisfied by Payments	\$ 8,051,239
TOTAL UNRESTRICTED SUPPORT AND RECLASSIFICATION	<u>8,051,239</u>
<b>Expenses</b>	
General and Administrative Expenses	947,999
Program Expense	<u>7,103,240</u>
Total Expenses	<u>8,051,239</u>
Change in Unrestricted Net Assets and Reclassifications	<u>-</u>

**TEMPORARILY RESTRICTED NET ASSETS**

Reimbursements	
Louisiana Department of Education	
Net Assets Released from Restrictions	8,051,239
Restrictions Satisfied by Payments	<u>(8,051,239)</u>
Change in Temporarily Restricted Net Assets	<u>-</u>
Change in Net Assets	-
Net Assets as of Beginning of Year	<u>-</u>
Net Assets as of End of Year	<u><u>\$ -</u></u>

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

FAMILY DAY CARE HOME PROGRAM  
 OF  
 NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED

Statement C

Statement of Cash Flows  
 For the Year Ended  
 September 30, 2017

<b>Operating Activities</b>	<u>All Funds</u>
Change in Net Assets	\$ -
Adjustments to Reconcile Change in Net Assets to Net	
Cash Provided by Operating Activities:	
Increase in Reimbursement Receivable	(36,987)
Increase in Other Receivables	(606)
Increase in Deferred Revenue	28,064
Decrease in Accrued Liabilities	(8,798)
Decrease in Due to Louisiana Department of Education	(908)
Increase in Due to Providers	37,797
Total Adjustments	<u>18,562</u>
Net Cash Provided by Operating Activities	<u>18,562</u>
 Net Cash Increase for Period	 18,562
Cash at Beginning of Period	<u>-</u>
 Cash and Cash Equivalents at End of Year	 <u>\$ 18,562</u>

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

FAMILY DAY CARE HOME PROGRAM  
OF  
NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED

Statement D

Statement of Functional Expenses  
For the Year Ended  
September 30, 2017

	<b>General and Administrative</b>	<b>Program Services</b>	<b>Total Expenses</b>
<b>Personnel Costs</b>			
Salaries and Wages	\$ 572,257	\$ -	\$ 572,257
Related Benefits	73,984	-	73,984
<b>Total Personnel Costs</b>	646,241	-	646,241
<b>Other Expenses</b>			
Contract Costs	7,772	-	7,772
Provider Reimbursements	-	7,103,240	7,103,240
Operating Costs	216,630	-	216,630
Provider Training	13,464	-	13,464
Staff Training	15,742	-	15,742
Travel	29,521	-	29,521
Other Expense	18,629	-	18,629
<b>Total Other Expenses</b>	301,758	7,103,240	7,404,998
<b>Total Functional Expenses</b>	\$ 947,999	\$ 7,103,240	\$ 8,051,239

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

**Family Day Care Home Program  
Of  
Nutrition Healthy Choice of Monroe, Incorporated  
Monroe, Louisiana**

**Notes to the Financial Statements  
As of and for the Year Ended September 30, 2017**

**NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated is a private non-profit organization domiciled in Monroe, Louisiana. The Organization was chartered by the State of Louisiana on February 10, 1975. The Organization is recognized as a tax exempt (non-profit) organization under section 501 (c) (3) of the Internal Revenue Service Code. It administers assistance to Family Day Care Home providers by enrolling, monitoring, reimbursing, and providing overall assistance to service providers as authorized at section 17 of the National School Lunch Act (42 U.S.C. 1766). The Home providers provide a combination of three meals or snacks a day to eligible children who are kept in the homes of the service providers. A Board of Directors which consists of five (5) members governs the agency. The Board Members receive no compensation.

**Public Support and Revenue**

Revenue and public support consists mainly of federal reimbursements. Grants and other contributions of cash and other assets are reported as permanently restricted or temporarily restricted if they are received with donor restrictions. Contributions are considered to be unrestricted unless restricted by the donor. A state service contract was the only source of income during the audit period.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Income Taxes**

Nutrition Healthy Choice of Monroe, Incorporated is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code and, therefore, has made no provision for federal income taxes in the accompanying financial statements.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Organization, and has concluded that as of March 29, 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by Internal Revenue Service for the years ended September 30, 2015, 2016, and 2017; however, there are currently no audits for any tax period in progress.

**Family Day Care Home Program of  
Nutrition Healthy Choice of Monroe, Incorporated  
Notes to the Financial Statements (Continued)**

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents. Under state law, the agency may deposit funds in demand accounts, interest bearing accounts, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated had no cash equivalents during the audit period. On September 30, 2017, the Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated had cash deposits of \$18,562

**NOTE B-PENSION PLAN**

The Organization does not have a retirement program for its employees and the employees are not members of the State of Louisiana Retirement System. All employees of the Organization are members of the Social Security System. In addition to the employees' contributions, the agency contributes 7.65 percent of adjusted gross payroll to the Social Security System. The Organization does not guarantee the benefits granted by the Social Security System.

**NOTE C-FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**NOTE D-BUDGET PRACTICES**

The Organization prepares an annual budget, which is approved by the Board of Directors prior to being submitted to the reimbursement agency. Budgeted costs amounts are closely monitored to ensure the costs are not exceeded.

**NOTE E-RECEIVABLES**

At September 30, 2017, the Organization had receivables as follows:

Lousiana Department of Education-Family Day Care Home Program Reimbursements	<u>\$ 574,934</u>
Total	<u><u>\$ 574,934</u></u>

**Family Day Care Home Program of  
Nutrition Healthy Choice of Monroe, Incorporated  
Notes to the Financial Statements (Continued)**

**NOTE F-LIABILITIES**

At September 30, 2017, the Organization had liabilities totaling \$553,384. The liabilities consist of the following:

Accrued Liabilities	\$	4,112
Due to Louisiana Department of Education		1,944
Due to Providers		<u>547,328</u>
Total	\$	<u><u>553,384</u></u>

**NOTE G-DEFERRED REVENUE**

Restricted revenue under the deferral method is recognized as revenue in the period in which the related expense is incurred. Revenue for which expenses are not yet incurred is deferred to a later date. At September 30, 2017, the Organization had deferred revenue totaling \$40,718 which represents carryover funds of less than 2% of the Organization's approved program budget.

**NOTE H-RELATED PARTY TRANSACTION**

The Board of Directors consists of five (5) members. The spouse of Board Member, Johnny Patterson serves as the Executive Director of the agency. Board Member Johnny Patterson is employed as the Chief Financial Officer. The Board of Directors approved the appointment of the Executive Director and the Chief Financial Officer.

**NOTE I-FRINGE BENEFIT**

All full-time employees are offered life insurance coverage up to \$40,000 or the maximum amount the underwriter will approve, whichever is greater. The Organization also pays health insurance benefits for all full-time employees. The Organization contributes \$100 per month for each employee to help defer the cost of health insurance.

**NOTE J-COMPENSATED ABSENCES**

Compensated absences are absences for which employees will be paid, such as vacation and/or sick leave. The Organization has a formal policy for accumulation and vesting of annual leave, and sick leave, which is based on the length of service. The days that are granted are included in annual salaries. Annual and sick leave time that are earned but not used may be brought forward into the next calendar year. For the purpose of this report, accumulated days for compensated absences are considered immaterial.

**Family Day Care Home Program of  
Nutrition Healthy Choice of Monroe, Incorporated  
Notes to the Financial Statements (Continued)**

**NOTE K-OPERATING LEASE COMMITMENT**

As of September 30, 2017, the Organization was committed to two (2) operating leases for its office facilities and paid rent of \$43,680. Annual lease commitments are as follows:

<b>Location</b>	<b>Contract Period</b>	<b>Landlord</b>	<b>Term</b>	<b>Monthly</b>	<b>Paid in FY 2017</b>
300 Washington St-Suites 203&204 Monroe, LA 71201	09/01/16-08/31/19	Partners	4 Years	2,823	33,876
1120 S Pointe Parkway Suite C-1 Shreveport, LA 71105	09/1/16-08/31/18	Software & Services of Louisiana	2 Years	817	9,804
				<u>\$ 3,640</u>	<u>\$ 43,680</u>

**NOTE L-CONCENTRATION OF RISK**

For the year ended September 30, 2017, the Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated was subject to significant concentration risks due to the fact that one hundred percent (100%) of its funding consisted of a contract agreement with the State of Louisiana.

**NOTE M-SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through March 29, 2018, the date which the financial statements were available to be issued 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.



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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  
Nutrition Healthy Choice of Monroe, Incorporated  
Monroe, Louisiana

I 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 The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated (a nonprofit organization) which comprise the statement of financial position as of September 30, 2017, 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 29, 2018.

**Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Nutrition Healthy Choice of Monroe, Incorporated'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 Nutrition Healthy Choice of Monroe, Incorporated's internal control. Accordingly, I do not express an opinion on the effectiveness of the Nutrition Healthy Choice of Monroe, Incorporated'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.

My consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that I consider to be a significant deficiency, as *Findings 2017-1*.

**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* (Continued)**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Nutrition Healthy Choice of Monroe, Incorporated's financial statements are free from 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as *Finding 2017-2*.

**Nutrition Healthy Choice of Monroe, Incorporated's Response to Findings**

Nutrition Healthy Choice of Monroe, Incorporated's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. Nutrition Healthy Choice of Monroe, Incorporated's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

**Purpose of this Report**

The 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 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. However, this report is a matter of public record and its distribution is not limited.



Rosie D. Harper  
Certified Public Accountant

Monroe, Louisiana  
March 29, 2018



**ROSIE D. HARPER**

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

To the Board of Directors  
Nutrition Healthy Choice of Monroe, Incorporated  
Monroe, Louisiana

**Report on Compliance for Each Major Federal Program**

I have audited The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated's major federal programs for the year ended September 30, 2017. The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

My responsibility is to express an opinion on compliance for each of The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Nutrition Healthy Choice of Monroe, Incorporated's compliance.

***Opinion on Each Major Federal Program***

In my opinion, The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

## Independent Auditor's Report On Compliance For Each Major Program And On Internal Control Over Compliance Required By Uniform Guidance (Continued)

### *Other Matters*

The results of my auditing procedures did not disclose any instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance.

### **Report on Internal Control Over Compliance**

Management of The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, I identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items *Findings 2017-1 through 2017-2* that I consider to be significant deficiencies.

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



Rosie D. Harper  
Certified Public Accountant

Monroe, Louisiana  
March 29, 2018

## **SUPPLEMENTAL INFORMATION**

**FAMILY DAY CARE HOME PROGRAM  
OF  
NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED  
Monroe, Louisiana**

**PROGRAM DESCRIPTION**

The Family Day Care Home program provides by enrolling, monitoring, reimbursing, and providing overall assistance for service providers as authorized at section 17 of the National School Lunch Act (42 U.S.C. 1766) as amended. The home providers provide a combination of three meals or snacks a day to eligible children who are kept in the homes of the service providers. The Family Day Care Home Program is a federally funded program that provides administrative assistance to Family Day Care Home service providers. The agency reimburses service providers for up to three (3) meals per day for eligible applicants. The agency is funded by the United States Department of Agriculture as a pass-through entity of the Louisiana Department of Education.

FAMILY DAY CARE HOME PROGRAM  
OF  
NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED

Schedule 2

Administrative Fund  
Schedule of Activities - Budget to Actual  
September 30, 2017

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenue</b>			
Reimbursements	\$1,007,280	\$ 947,999	\$ 59,281
<b>Total Revenue</b>	<u>1,007,280</u>	<u>947,999</u>	<u>59,281</u>
<b>Personnel Costs</b>			
Salaries and Wages	549,533	572,257	(22,724)
Payroll Taxes and Other Fringe Benefits	59,740	73,984	(14,244)
<b>Total Personnel Costs</b>	<u>609,273</u>	<u>646,241</u>	<u>(36,968)</u>
<b>Other Expenses</b>			
Contract Costs	7,070	7,772	(702)
Operating Costs	285,287	216,630	68,657
Provider Training	15,000	13,464	1,536
Staff Training	20,000	15,742	4,258
Travel	40,000	29,521	10,479
Other Expense	30,650	18,629	12,021
<b>Total Other Expenses</b>	<u>398,007</u>	<u>301,758</u>	<u>96,249</u>
<b>Total Expenses</b>	<u>1,007,280</u>	<u>947,999</u>	<u>59,281</u>
 <b>Change in Net Assets</b>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

See Accompanying Notes to Financial Statements.

FAMILY DAY CARE HOME PROGRAM  
OF  
NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED

Schedule 3

Analysis of Administrative Reimbursement Allowable  
September 30, 2017

A. Actual Administrative Expenditures		\$947,999	
<b>Less:</b>	Non-Program Expense	-	
	Budget Overspent	-	
	Questioned Costs	-	947,999
		<u>          </u>	<u>          </u>
B. Administrative Reimbursement			
	1 to 50 Oct 16-Jun 17	50,400	
	51 to 200 Oct 16-Jun 17	169,700	
	201 to 1000 Oct 16-Jun 17	428,800	
	1001+ Oct 16-Jun 17	73,809	
	1 to 50 Jul 17-Sept 17	17,100	
	51 to 200 Jul 17-Sept 17	39,150	
	201 to 1000 Jul 17-Sept 17	163,200	
	1001+ Jul 17-Sept 17	34,200	976,359
		<u>          </u>	
<b>Less:</b>	Funds to be Returned	(296)	
<b>Plus:</b>	Prior Year Carry-over Funds	12,654	988,717
		<u>          </u>	<u>          </u>
C. Approved Administrative Budget			<u>1,007,280</u>
D. Thirty Percent (30%) of Total Reimbursement:			
	<b>Program Reimbursement</b>	7,103,240	
<b>Less:</b>	Funds Disallowed	-	
	Non-Program Expenses		
	Questioned Costs		
	Budget Overspent	-	7,103,240
		<u>          </u>	
	<b>Administrative Reimbursement</b>	988,717	
<b>Less:</b>	Funds Disallowed	-	
	Non-Program Expenses	-	
	Questioned Costs	-	
	Budget Overspent	-	988,717
		<u>          </u>	
		8,091,957	
		x 30%	<u>          </u>
			<u>2,427,587</u>
E. Maximum Reimbursement Allowable (Lesser of A, B, C, or D)			1,007,280
F. Administrative Reimbursement Received Plus Prior Year Carry-over		<u>988,717</u>	
G. Administrative Reimbursement Over (Under) Claimed-( <b>Carry-Over</b> )			* <u>40,718</u>

\* Carryover funds are less than 4% of allowable reimbursement.  
See Accompanying Notes to Financial Statements.

FAMILY DAY CARE HOME PROGRAM  
OF  
NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED

Schedule 4

Schedule of Meals Claimed and Reimbursement Allowed  
September 30, 2017

		<i>Tier 1</i>				
		<i>Breakfast</i>	<i>Lunch</i>	<i>Supper</i>	<i>Supplement</i>	<i>Total</i>
<b>Meals Claimed October 2016 to June 2017</b>						
Meals Claimed		77,387	629,100	1,098,137	1,116,548	2,921,172
<b>Less: Meals Over (Under) Claimed</b>						
	Per Audit	79	643	950	1,027	2,699
	Per Audit Cost	\$ 103.49	\$ 1,581.78	\$ 2,337.00	\$ 749.71	\$ 4,771.98
<b>Total (Over)/Under</b>		79	643	950	1,027	2,699
Meals Allowed		77,308	628,457	1,097,187	1,115,521	2,918,473
Reimbursement Rate		\$ 1.31	\$ 2.46	\$ 2.46	\$ 0.73	
Reimbursement Based on Rate		\$ 101,273.48	\$ 1,546,004.22	\$ 2,699,080.02	\$ 814,330.33	\$ 5,160,688.05
<b>Meals Claimed July 2017 to September 2017</b>						
Meals Claimed		21,525	261,154	397,906	403,171	1,083,756
<b>Less: Meals Over (Under) Claimed</b>						
	Per Audit	-	200	237	237	674
	Per Audit Cost	\$ -	\$ 492.00	\$ 583.02	\$ 173.01	\$ 1,248.03
<b>Total Over/(Under)</b>		-	-	237	237	674
Meals Allowed		21,525	260,954	397,669	402,934	1,083,082
Reimbursement Rate		\$ 1.31	\$ 2.46	\$ 2.46	\$ 0.73	
Reimbursement Based on Rate		\$ 28,197.75	\$ 641,946.84	\$ 978,265.74	\$ 294,141.82	\$ 1,942,552.15
<b>Total Meals Claimed</b>		98,833	889,411	1,494,856	1,518,455	4,001,555
<b>Less Total Overclaims</b>		79	843	1,187	1,264	3,373
<b>Total Net Meals Allowed</b>		98,754	888,568	1,493,669	1,517,191	3,998,182
<b>Program Reimbursement Allowed</b>		\$ 129,471.23	\$ 2,187,951.06	\$ 3,677,345.76	\$ 1,108,472.15	\$ 7,103,240.20
<b>Adjustment for Rounding Off</b>						
<b>Program Reimbursement Allowed</b>						\$ 7,103,240.20
<b>Program Reimbursement Received</b>						7,109,260.21
<b>Less Funds Refunded to State at 9/30/17</b>						<b>(4,372.34)</b>
<b>Net Reimbursements Received</b>						7,104,887.87
<b>Program Reimbursement (Over)/Under Claimed</b>						\$ (1,647.67)

See Accompanying Notes to Financial Statements.

FAMILY DAY CARE HOME PROGRAM  
OF  
NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED

Schedule 5

Schedule of Expenditure of Federal Awards  
For the Year Ended September 30, 2017

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Federal Expenditures
UNITED STATES DEPARTMENT OF AGRICULTURE Passed through State of Louisiana Department of Education Child and Adult Care Food Program *	10.558	<u>\$ 8,051,239</u>
TOTAL UNITED STATES DEPARTMENT OF AGRICULTURE		<u>8,051,239</u>
<b>Total Expenditures of Federal Awards</b>		<u><u>\$ 8,051,239</u></u>

FAMILY DAY CARE HOME PROGRAM OF NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Family Day Care Home Program of Nutrition Healthy Choice, Incorporated and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the basic financial statements.

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

**FAMILY DAY CARE HOME PROGRAM  
 OF  
 NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED SEPTEMBER 30, 2017**

**SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unmodified opinion on the financial statements of the Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated.
2. An instance of significant deficiency over internal controls was disclosed during the audit of the financial statements which is listed below as Finding 2017:1.
3. No instances of noncompliance material to the financial statements of the Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated were disclosed during the audit.
4. Certain instances of significant deficiencies in internal control over major federal award programs were disclosed during the audit and are listed below as Findings 2017:1 through 2017:2.
5. The auditor's report on compliance for the major federal award programs for the Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated expresses an unmodified opinion on all major federal programs.
6. The following funds were received and tested as major or non-major programs for the fiscal year ending September 30, 2017:

United States Department of Agriculture

**CFDA**  
10.588

**PROGRAM**  
Child and Adult Care Food Program

7. The threshold for distinguishing Types A and B programs were as follows:
  - Type A**-\$750,000 or more of federal awards expended.
  - Type B**-Any program that does not meet the threshold of Type A programs.
8. For the period ending September 30, 2017, the Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated was determined not to be a low-risk auditee.

**Family Day Care Home Program Of Nutrition Healthy Choice Of Monroe, Incorporated  
Schedule Of Findings And Questioned Costs Year Ended September 30, 2017 (continued)**

**FINDINGS-FINANCIAL STATEMENTS AUDIT**

**2017-1 Bank Reconciliations Not Completed Timely**

**Condition:** Bank reconciliations were not completed on a timely basis. As a possible result, the Organization's bank account was tampered and a fraudulent transaction of \$606 was not discovered timely.

**Cause:** NHC management failed to reconcile bank statements monthly.

**Effect:** Generally, bank customers have 60 days to notify their financial institutions of an error or unauthorized transaction. After this period, the customer can be subject to unlimited losses.

**Recommendation:** Bank reconciliations should be performed on a monthly basis. Bank reconciliations should be reviewed and approved by management, and any unusual reconciling items should be properly investigated.

**Management's response and Planned corrective action:** Changes to bank reconciliations procedures have been implemented. The reconciliations will be done monthly rather than quarterly. In addition, a member of the Board of Directors will review the reconciliations quarterly; in the event of unusual reconciling items, the matter will be properly investigated, and the finding reported to the full board.

On September 17, 2017 the following response was provided to and accepted by the Division of Statewide Monitoring to be implemented over the next two fiscal years:

To ensure that the continuing internal control deficiencies do not continue NHC management with Board approval has hired additional staff in the accounting area, outlined oversight duties for the Board of Directors and NHC Management that each will perform as stated below:

1. Johnny B. Patterson, Jr., Finance Officer, became a full-time employee effective August 15, 2016.
2. NEW POSITION CREATED IN THE ACCOUNTING DEPARTMENT effective September 18, 2017. Breanna McMillian has been reassigned to the new position of Assistant to the Finance Officer.
  - i) graduated from Robinson Business College in bookkeeping. She has done accounting type work for several area churches, plus a period of time at Rite-Aid
  - ii) duties and responsibilities of the Assistant to the Finance Officer
    - a. process the monthly claim for provider reimbursement,
    - b. reconcile the meal data submitted to Minute Menu with the claim to be filed.
    - c. process checks for providers when reimbursement is received.
    - d. reconcile bank statements of the reimbursement account.
    - e. handles provider pre-approval payments/refunds for the Fire Marshal inspection
    - f. verify all travel reimbursement request for monitoring and routine travel.

**Family Day Care Home Program Of Nutrition Healthy Choice Of Monroe, Incorporated  
Schedule Of Findings And Questioned Costs Year Ended September 30, 2017 (continued)**

2017-1 Bank Reconciliations Not Completed Timely (continued)

3. --BOARD OF DIRECTORS OVERSITE

- i) Garnesha Beck, Consulting Accountant, full-time Board member, effective 3/1/2017
- i) Board oversight financial reviewers: Doretha Bridges and Garnesha Beck
- ii) Finance Officer reports directly to the Board of Directors.
- ii) iii) finance office activities/duties to be reviewed:

Activity/Duty	Performs/Conducts	Reviewer	
adm general accounting and payroll	J. Patterson	Beck	
adm bank statement reconciled	J. Patterson	Bridges	
receipt & deposit of funds	J. Patterson	Beck	
budgets, annual reports, taxes	J. Patterson	Beck	
reimbursement claim processing	B. McMillian	Bridges	
kidcare/minute menu	B. McMillian	Bridges	
fire marshal payment/refund request	B. McMillian	Beck	
reimbursement bank statement reconcile	B. McMillian	Bridges	
travel verification	B. McMillian	Bridges	

2017-2 Disbursements of program payments issued more than 5 days after funds received from the state of Louisiana.

**Condition:** During the test month of March 2017, disbursement payments were made to the providers 11 (eleven) days after the funds were received from the state of Louisiana.

**Cause:** Management failed to disburse payments within 5 days of receiving funds from the state of Louisiana.

**Effect:** The federal regulation for the Family Day Care Home Food Program requires the program payments to be made to providers within 5 (five) working days after receiving the reimbursement from the state. The Organization was not compliant with this regulation in the month of March 2017.

**Recommendation:** The Organization should comply with the federal regulation for issuing payments to providers within 5 (five) working days after receiving the reimbursement from the state.

**Management's response and Planned corrective action:** The annual provider meeting scheduled for the Shreveport area on Saturday, March 18, 2017 had to be rescheduled to Saturday, March 25, 2017 because of a last minute venue conflict. To enhance attendance at this state required meeting, checks are normally distributed at this event. Since the reimbursement funds had been received from the state and the provider checks were already printed prior to notification of the scheduling conflict, NHC was presented two distasteful choices; one, distribute the funds and have the meeting at the re-scheduled time without the attendance incentive of the reimbursement checks, thus, assuring a very low provider attendance. Or, two, hold the reimbursement checks a few extra days to ensure a very high attendance at the annual provider meeting. Based on years of experience with these type situations in the FDCHFP, the decision was made to take the second choice.

All efforts will be made in the future to verify and confirm venue dates prior to dating and printing reimbursements checks for distribution at the annual provider meeting(s). Other methods of enhancing attendance at the annual provider meetings are under discussion.

**QUESTIONED COSTS:** There were no questioned costs.

**FAMILY DAY CARE HOME PROGRAM  
OF  
NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED**

**SCHEDULE OF PRIOR YEAR FINDINGS  
YEAR ENDED SEPTEMBER 30, 2017**

2016-1 Inadequate Segregation of Duties

**Criteria:** Adequate segregation of duties reduces the risks that errors or irregularities will not be prevented or detected on a timely basis by employees in the normal course of business.

**Condition:** The segregation of duties is inadequate to provide effective internal control.

**Cause:** The executive director and chief financial officer, who are spouses, are primarily responsible for all general accounting and payroll duties, preparation of budget to actual reports, the receipt and deposit of funds, and reconciliation of the bank accounts. This arrangement places excessive authority upon two individuals to receive funds, disburse funds, update accounting and payroll records, provide financial reports, and perform reconciliations of affected accounts.

**Effect:** Inadequate segregation of duties create risks that errors or irregularities will not be prevented or detected on a timely basis by employees in the normal course of business.

**STATUS:       CLEARED**

2016-2 Payroll Taxes Not Paid Timely

**Criteria:** Federal and state laws require the timely filing and payment of payroll taxes.

**Cause:** Federal and state payroll taxes are not paid timely.

**Condition:** Federal and state payroll taxes are not paid timely.

**Effect:** The Organization is incurring penalties and interest by failing to pay federal and state payroll taxes in a timely manner.

**STATUS:       CLEARED**

Family Daycare Home Program  
of  
Nutrition Healthy Choice of Monroe, Incorporated

Schedule 8

Schedule of Key Compensated Officers  
As of and for the Year Ended September 30, 2017

Job Title	<u>Dorothy H Patterson</u> Director	<u>Johnny B Patterson</u> Financial Officer
Salary	101,508	83,725
Benefits-Insurance	2,418	1,100
Benefits-Retirement	-	-
Other Benefits	-	-
Car Allowance	-	-
Vehicle provided by Government	-	-
Per Diem	-	-
Reimbursements	-	-
Travel	10,228	-
Registration Fees	-	-
Conference Travel	-	-
Continuing Professional Education Fees	-	-
Housing	-	-
Unvouchered Expenses	-	-
Special Meals	-	-
<b>Total Compensation</b>	<u>\$ 114,154</u>	<u>\$ 84,825</u>

See Accompanying Notes to Financial Statements.

FAMILY DAY CARE HOME PROGRAM  
OF  
NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED  
Schedule of Board Members

For the Year Ended  
September 30, 2017

<b>Board Member</b>	<b>Title</b>	<b>Location</b>
Rodney D. Williams	Chairman	Monroe, Louisiana
Johnny Patterson	Secretary/Treasurer	Monroe, Louisiana
Dorthea Bridges	Board Member	Monroe, Louisiana
Georgette C. Davis	Board Member	Monroe, Louisiana
Garnesha Beck	Board Member	Shreveport, Louisiana

**LOUISIANA COMPLIANCE QUESTIONNAIRE  
(For Audit Engagements of Quasi-Public Agencies)**

March 1, 2018

Rosie D. Harper, CPA, LLP  
300 Washington Street Suite 308  
Monroe, Louisiana 71201

In connection with your audit of our financial statements as of September 30, 2017 and for period of audit for the purpose of expressing an opinion as to the fair presentation of our financial statements in accordance with accounting principles generally accepted in the United States of America, to assess our internal control structure as a part of your audit, and to review our compliance with applicable laws and regulations, we confirm, to the best of our knowledge and belief, the following representations. These representations are based on the information available to us as of March 1, 2018 date of the representations.

**PART I. Agency Profile**

1. Name and address of the organization.  
**Nutrition Healthy Choice of Monroe, Inc.**  
**Post Office Box 4805**  
**Monroe, LA 71203**  
**318.237.8915**
2. List names, addresses, and telephone numbers of entity officials. Include elected/appointed members of the governing board, chief executive and fiscal officer, and legal counsel.

**See Attached**

3. Period of time covered by this questionnaire.  
**October 1, 2016 to September 30, 2017**
4. The entity has been organized under the following provisions of the Louisiana Revised Statute(s) (R.S.) and, if applicable, local resolutions/ordinances.

**RS 1980, Title 12, Chapter 2**

5. Briefly describe the public services provided.  
**Family Day Care Home Food Program**
6. Expiration date of current elected/appointed officials' terms.  
**September 3, 2018**

**Part II. Federal, State, and Local Awards**

7. We have detailed for you the amount of federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes  No

8. All transactions relating to federal grants have been properly recorded within our accounting records and reported to the appropriate federal grantor officials.

Yes  No

9. All transactions relating to state grants have been properly recorded within our accounting records and reported to the state grantor officials.

Yes [x] No [ ]

10. All transactions relating to local grants have been properly recorded within our accounting records and reported to the appropriate local grantor officials.

Yes [x] No [ ]

11. The reports filed with federal agencies are properly supported by books of original entry and supporting documentation.

Yes [x] No [ ]

12. The reports filed with state agencies are properly supported by books of original entry and supporting documentation.

Yes [x] No [ ]

13. The reports filed with local agencies are properly supported by books of original entry and supporting documentation.

Yes [x] No [ ]

14. We have complied with all applicable compliance requirements of all federal programs we administer,

Yes [x] No [ ]

15. We have complied with all applicable specific requirements of all state programs we administer, to include matters contained in the grant awards.

Yes [x] No [ ]

16. We have complied with all applicable specific requirements of all local programs we administer, to include matters contained in the grant awards.

Yes [x] No [ ]

17. We have provided you with all communications from grantors concerning noncompliance with or deficiencies in administering grant programs.

Yes [x] No [ ]

**Part III. Public Records**

18. We are familiar with the Public Records Act and have made available to the public those records as required by R.S. 44:33.

Yes [x] No [ ]

**Part IV. Open Meetings**

19. Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:11 through 42:28 (the open meetings law). **Note: Please refer to Attorney General Opinion No. 13-0043 and the guidance in the publication "Open Meeting FAQs," available on the Legislative Auditor's website at <http://app1.la.state.la.us/lala.nsf>, to determine whether a non-profit agency is subject to the open meetings law.**

Yes [x] No [ ]

**Part V. Budget**

20. For each federal grant, we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration.

Yes [x ] No [ ]

21. For each grant received from the state, we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose, duration, specific goals and objectives, and measures of performance.

Yes [x ] No [ ]

22. For each local grant, we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration.

Yes [x] No [ ]

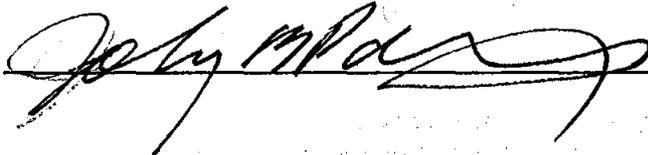
**Part VI. Reporting**

23. We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes [ x ] No [ ]

The previous responses have been made to the best of our belief and knowledge. We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur subsequent to the issuance of your report.



Secretary/Treasurer 3/1/2018 Date

**Board of Directors of Nutrition Healthy Choice of Monroe, Inc.**

Rodney D. Williams, Chairman  
69 Langford Drive  
Monroe, LA 71202  
318.387.8151  
DOB: 09/06/1951  
[rodmat@msn.com](mailto:rodmat@msn.com)

Georgette C. Davis, member  
288 Willie Harrington Road  
Gilbert, LA 71298  
318.238.8915  
DOB: 11/08/1950  
[nhcmonroe@email.com](mailto:nhcmonroe@email.com)

Johnny B Patterson, Jr., sect/treas  
6510 Cypress Point Drive  
Monroe, LA 71203  
318.680.3517  
DOB: 07/07/1951  
[pattersonjb@comcast.net](mailto:pattersonjb@comcast.net)

Dorthea Bridges, member  
906 McGee Street  
Monroe, LA 71202  
318.387.5913  
DOB: 09/22/1949  
[jimcarter\\_8@hotmail.com](mailto:jimcarter_8@hotmail.com)

Garnesha Beck, member  
7906 Arcadian Shore Drive  
Shreveport, LA 71129  
318.458.6505

**FAMILY DAY CARE HOME PROGRAM  
OF  
NUTRITIONAL HEALTHY CHOICE OF MONROE,  
INCORPORATED  
MONROE, LOUISIANA**

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES  
As of and for the Year Ended September 30, 2017**

**BY**

**ROSIE D. HARPER  
CERTIFIED PUBLIC ACCOUNTANT, LLP**

**300 Washington Street, Suite 308 • Monroe, Louisiana 71201  
OFFICE (318) 387-8008 • FAX (318) 387-0806**

**FAMILY DAY CARE HOME PROGRAM  
OF  
NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED  
MONROE, LOUISIANA**

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES  
As of and for the Year Ended September 30, 2017**

**FAMILY DAY CARE HOME PROGRAM  
OF  
NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED  
MONROE, Louisiana**

**Independent Accountant's Report  
On Applying Agreed-Upon Procedures  
As of and for the Year Ended September 30, 2017**

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ROSIE D. HARPER

Certified Public Accountant, LLP

300 Washington Street, Suite 308 • Monroe, Louisiana 71201

Phone: (318) 387-8008 • Fax: (318) 387-0806

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INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors

Nutrition Healthy Choice of Monroe, Incorporated and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by Nutrition Healthy Choice of Monroe, Incorporated (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2016 through September 30, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

**Written Policies and Procedures**

1. I obtained the entity's written policies and procedures and determined whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

- a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget

The Entity does not have written guidelines for adopting, monitoring, and amending the budget. The entity does prepare an annual budget for the Family Day Care Home Program (FDCHP) which is submitted and approved by the Louisiana Department of Education. The budget is monitored and amended as needed. Each amendment must be approved by the Louisiana Department of Education.

- 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.

The Entity does have written guidelines for how purchases are initiated. The Entity does not use purchase orders or requisitions. Expenses incurred are approved in the budgeting process by the Louisiana Department of Education. The Entity does follow the procedures required by the Louisiana Public Bid Law.

Nutrition Healthy Choice of Monroe, Incorporated  
Independent Accountants Report on Applying Agreed-Upon Procedures (Continued)

- c) *Disbursements*, including processing, reviewing, and approving  
The Entity does have written policies and procedures which provide guidelines for processing, reviewing, and approval of disbursements.
- d) *Receipts*, including receiving, recording, and preparing deposits  
The Entity does not have written policies and procedures which provide guidelines for receiving, recording, and preparing deposits. Funds received for the FDCHP are direct deposited to the Entity's bank account.
- e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.  
The Entity does have written policies and procedures which provide guidelines for payroll processing and approval. Employees are required to complete timesheets which are reviewed and approved by the Director. The timesheets are presented to the Financial Officer for processing.
- 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  
The Entity does have written policies and procedures which provide guidelines for contracting including types of services requiring written contracts, standard terms and conditions, legal review, approval process, and monitoring process. The Entity follows the procedures of the Louisiana Public Bid Law. All contracts must be approved by the Louisiana Department of Education.
- 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, and (5) monitoring card usage  
The Entity does not have written policies and procedures which provide guidelines for credit cards. All credit cards are stored in a locked drawer. Employees must submit written request for use and sign out the cards. When the cards are returned, they must be signed in with the supporting documentation for the approved purchase.
- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers  
The Entity does have written policies and procedures which provide guidelines for travel and expense reimbursement, including allowable expenses, documentation requirements, and required approvers, but it does not address dollar thresholds by category of expense. When employees use their personal vehicles for errands, they are required to submit a request for reimbursement which reports total mileage, destination, purpose of trip, and date. If they travel on Entity business, a request for reimbursement is submitted to the Financial Officer and approved by the Director. After approval, payment is made for the requested reimbursement.
- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

N/A

Nutrition Healthy Choice of Monroe, Incorporated  
Independent Accountants Report on Applying Agreed-Upon Procedures (Continued)

- j) *Debt Service*, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

N/A

**Board (or Finance Committee, if applicable)**

2. I obtained and reviewed the board/committee minutes for the fiscal period, and:

- a) Determined whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The Entity's board of directors met with a quorum on a frequency in accordance with the entity's charter.

- b) Determined whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

➤ If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The Entity's minutes did reference monthly budget-to-actual comparisons on the financial information. The Financial Officer does provide quarterly budget- to actual comparison financial statements to the board.

- c) Reported whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The Entity's minutes referenced non-budgetary financial information, such as approval of contracts, grant applications and personnel matters.

**Bank Reconciliations**

3. I obtained a listing of client bank accounts from management and management's representation that the listing is complete.

4. Using the listing provided by management, I selected all the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtained bank statements and reconciliations for all months in the fiscal period and determined whether:

- a) Bank reconciliations have been prepared;

Bank reconciliations were performed on all bank accounts provided by the Entity's management. Bank reconciliations were not prepared timely.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

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- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

The bank reconciliations are prepared by clerical staff and reviewed by the Financial Officers. No reconciled items were on the bank statement outstanding for more than six months as of the end of the fiscal period.

**Collections**

5. I obtained a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
6. Using the listing provided by management, I selected all the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) I obtained existing written documentation (e.g. insurance policy, policy manual, job description) and determined whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

The Entity does not have cash collection for the FDCHP.

- b) I obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and determined whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

N/A

- c) I selected the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, traced daily collections to the deposit date on the corresponding bank statement and determined whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
- Using sequentially numbered receipts, system reports, or other related collection documentation, verified that daily cash collections are completely supported by documentation and report any exceptions.

N/A

7. Obtained existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

N/A

**Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)**

8. I obtained a listing of the entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. I obtained management's representation that the listing or general ledger population is complete.
9. Using the disbursement population from #8 above, I randomly selected 25 disbursements (or randomly selected disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and determined whether the supporting documentation for each transaction demonstrated that:
  - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.  
All purchases were not initiated using a requisition or purchase order system. The person requesting purchases are not always separate from approval functions. All purchases are approved by the appropriate level of management. Payments for purchases are paid by original invoices.
  - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.  
All purchases are not made by purchase orders but were all approved by the appropriate levels of management.
  - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.  
Requisitions or purchase orders were not used by the Entity. Payments for purchases were not processed without approval from an appropriate level of management, a receiving report showing receipt of goods purchased and an approved invoice.
10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), I determined whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.  
The person responsible for processing payments is not prohibited from adding vendors to the Entity's purchasing and disbursement system but is separate from the person who authorizes and signs checks. All vendor additions and disbursements were approved by authorized personnel and management at an appropriate level.
11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), I determined whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.  
Persons with signatory authority or who make the final authorization for disbursements are separate from the person responsible for recording and initiating purchases.

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12. Inquired of management and observed whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Unused checks are maintained in a locked location. Custody of blank checks is by a person separate from the person who has signatory authority. Persons with signing authority do not have system access to print checks.

13. If a signature stamp or signature machine is used, inquired of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

The Director has a signature stamp which is maintained under the control of the Financial Officer. He keeps it locked in his office where only he has access to the stamp. The only checks which are imprinted by the signature stamp are the checks issued to the providers.

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

14. I obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards and obtained management's representation that the listing is complete.
15. Using the listing prepared by management, I randomly selected 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.
- a) I determined whether there was evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder  
The results of my test disclosed no discrepancies.
- b) I determined whether finance charges and/or late fees were assessed on the selected statements.

The Entity uses four (4) credit cards. The Entity incurred interest expense on three of the cards, but the interest is paid by unrestricted funds from the General Fund and not charged to the FDCHP program funds.

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16. Using the monthly statements or combined statements I selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).
- a) For each transaction, I determined whether the transaction is supported by:
- An original itemized receipt (i.e., identifies precisely what was purchased)
  - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
  - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

The results of my test disclosed no discrepancies.

- b) For each transaction, compared the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

The results of my test disclosed no discrepancies.

- c) For each transaction, compared the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

The results of my test disclosed no discrepancies.

### **Travel and Expense Reimbursement**

- 18 I obtained from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. I obtained management's representation that the listing or general ledger is complete.
- 19 I obtained the entity's written policies related to travel and expense reimbursements. Compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and determined any amounts that exceed GSA rates.

The Entity does have written policies and procedures which provide guidelines for travel and expense reimbursement. The Entity adheres to the State of Louisiana guidelines for travel and requires an expense reimbursement report with supporting documentation for travel expenses. There were no amounts paid for travel and expense reimbursement that exceeded General Services Administration rates.

Using the listing or general ledger from #17 above, selected the three persons who incurred the most travel costs during the fiscal period. I obtained the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

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- a) The entity does not have written policies. I compared to the GSA rates (#18 above) to determine if each reimbursement exceeded those rates.

All travel and mileage reimbursements were less than or equal to the rates established by the U.S. General Services Administration.

- b) I determined whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

My testing did not disclose any discrepancies.

- c) I compared the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

The results of my test disclosed no discrepancies.

- I determined whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

All travel requests are approved by someone other than the person receiving the reimbursement.

## Contracts

20. Obtained a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtained management's representation that the listing or general ledger is complete.
21. Using the listing above, selected the five contracts "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtained the related contracts and paid invoices and:
- a) Reported whether there is a formal/written contract that supports the services arrangement and the amount paid.

The results of my test disclosed no discrepancies.

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- b) Compared each contract's detail to the Louisiana Public Bid Law or Procurement Code. Reported whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
  - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

N/A

- c) Reported whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

N/A

- d) Selected the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

N/A

- e) Obtained/reviewed contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

All contracts are required to be included in the annual budget and approved by the Louisiana Department of Education. The board of directors approve all budgets and amendments.

**Payroll and Personnel**

22. I obtained a listing of employees (and elected officials, if applicable) with their related salaries, and obtained management's representation that the listing is complete. Randomly selected five employees/officials, obtain their personnel files, and:

- a) I reviewed compensation paid to each employee during the fiscal period and determined whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

My testing did not disclose any discrepancies.

- b) I reviewed changes made to hourly pay rates/salaries during the fiscal period and determined whether those changes were approved in writing and in accordance with written policy.

All hourly and salary pay changes were approved at the appropriate level of management. All salaries and wage changes are submitted to the Louisiana Department of Education for approval.

23. I obtained attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees (or randomly select one-third of employees if the entity had less than 25 employees during the fiscal period), and:

- a) I determined whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave.

My testing did not disclose any discrepancies.

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- b) I determined whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

All attendance and leave request of the selected employees/officials were approved by the appropriate level of management.

- c) I determined whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

The Entity does maintain written leave records.

24. I obtained from management a list of employees/officials that were terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. I determined whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

The results of my test disclosed no discrepancies.

25. I obtained supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. I determined whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

The results of my test disclosed no discrepancies.

**Ethics (excluding nonprofits)**

26. I used the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtained ethics compliance documentation from management and determined whether the entity-maintained documentation to demonstrate that required ethics training was completed.

N/A

27. Inquired of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Determined whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

There were no allegations of ethics violations reported to the entity during the fiscal year.

**Debt Service (excluding nonprofits)**

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

N/A

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29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

N/A

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

N/A

**Other**

31. Inquired of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

None

32. Observed and reported whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

My testing did not disclose any discrepancies.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

None

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is 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.



Rosie D. Harper  
Certified Public Accountant

Monroe, Louisiana  
March 29, 2018