

NUTRITION EDUCATION SERVICES, INC.
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2020

Minda B. Raybourn

Certified Public Accountant
Limited Liability Company

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NUTRITION EDUCATION SERVICES, INC.

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Nutrition Education Services, Inc.
PO Box 5280
Slidell, LA 70469

Report on the Financial Statements

I have audited the accompanying financial statements of Nutrition Education Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2020, 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 we have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nutrition Education Services, Inc., as of September 30, 2020, 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.

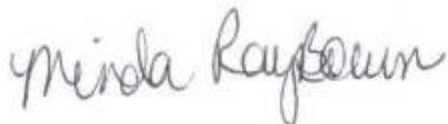
Other Matters

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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. The information in the audited statement of claims and schedule of meals served and program reimbursements as required by the Louisiana Department of Education and the schedule of compensation, benefits, and other payments to the agency head is also presented for purposes for additional analysis and is not 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 Standard

In accordance with *Government Auditing Standards*, we have also issued my report dated March 25, 2021, on my consideration of Nutrition Education Services, Inc.'s, internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Education Services, Inc.'s, internal control over financial reporting and compliance.



Franklinton, LA
March 25, 2021

FINANCIAL STATEMENTS

**NUTRITION EDUCATION SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2020**

ASSETS	<u>Administrative</u>	<u>General</u>	<u>Total</u>
Current Assets			
Cash and cash equivalents	\$ 56,779	\$ 22,281	\$ 79,061
Due from Department of Education	114,314	-	114,314
Due from General Fund	-	-	-
Total Current Assets	<u>171,093</u>	<u>22,281</u>	<u>193,375</u>
TOTAL ASSETS	<u><u>171,093</u></u>	<u><u>22,281</u></u>	<u><u>193,375</u></u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	3,833	-	3,833
Due to providers	114,289	-	114,289
Withholding taxes payable	745	-	745
Paycheck Protection Program	43,501	-	43,501
Accrued salaries payable	-	-	-
Due to Administrative Fund	-	-	-
Total Current Liabilities/Total Liabilities	<u>162,368</u>	<u>-</u>	<u>162,368</u>
Net Assets (Deficit)			
With donor restrictions	-	-	-
Without donor restrictions	<u>8,725</u>	<u>22,281</u>	<u>31,007</u>
Total Net Assets (Deficit)	<u>8,725</u>	<u>22,281</u>	<u>31,007</u>
Total Liabilities and Net Assets (Deficit)	<u><u>\$ 171,093</u></u>	<u><u>\$ 22,281</u></u>	<u><u>\$ 193,375</u></u>

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

NUTRITION EDUCATION SERVICES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020

UNRESTRICTED NET ASSETS	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND OTHER GAINS			
Administrative reimbursement	\$ -	\$ 273,636	\$ 273,636
Provider reimbursement	-	1,486,653	1,486,653
Other income	6,885	-	6,885
Fundraising	-	883	883
Net assets released from donor restrictions	<u>1,761,171</u>	<u>(1,761,171)</u>	<u>-</u>
Total support and other gains	<u>1,768,056</u>	<u>-</u>	<u>1,768,056</u>
EXPENSES			
Program services	1,480,309	-	1,480,309
Supporting services	312,507	-	312,507
Fundraising expenses	1,059	-	1,059
Other expenses	<u>50</u>	<u>-</u>	<u>50</u>
Total expenses	<u>1,793,925</u>	<u>-</u>	<u>1,793,925</u>
CHANGE IN NET ASSETS	<u>(25,869)</u>	<u>-</u>	<u>(25,869)</u>
NET ASSETS (DEFICIT), BEGINNING	<u>56,876</u>	<u>-</u>	<u>56,876</u>
NET ASSETS (DEFICIT), ENDING	<u>\$ 31,007</u>	<u>\$ -</u>	<u>\$ 31,007</u>

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

NUTRITION EDUCATION SERVICES, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from administrative reimbursements	\$ 276,686
Cash received from program reimbursements	1,486,191
Cash received from Paycheck Protection Program	43,501
Cash received from fundraising efforts & other	7,768
Cash paid for program expenses	(1,615,304)
Cash paid to or on behalf of employees for services	(233,219)
Cash paid to suppliers for goods and services	(81,415)
Net cash used for operating services	<u>(115,791)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
	<u>-</u>
CASH AND CASH EQUIVALENTS, BEGINNING	194,852
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 79,061</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO	
NET CASH USED FOR OPERATING ACTIVITIES	\$ (25,869)
Adjustments to reconcile change in net assets to net	
cash used for operating activities	
(Increase) decrease in assets:	
Due from Department of Education	2,222
Increase (decrease) in liabilities:	
Accounts payable	3,583
Due to providers	(134,994)
Paycheck Protection Program	43,501
Withholding taxes payable	(4,234)
NET CASH PROVIDED (USED) FOR OPEARTING ACTIVITIES	<u>\$ (115,791)</u>

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

NUTRITION EDUCATION SERVICES, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
ADMINISTRATIVE FUND
YEAR ENDED SEPTEMBER 30, 2020

<u>ACCOUNT</u>	<u>PROGRAM</u>	<u>SUPPORTING</u>	<u>GENERAL</u>	<u>FUNDRAISING</u>
Accounting	\$ -	\$ 3,900	\$ -	\$ -
Accu Trak	-	3,047	-	-
Advertising	-	3,065	-	-
Alarm system monitoring	-	389	-	-
Auditor	-	4,159	-	-
Bank charges	-	1,921	-	-
Contract interpretation	-	2,990	-	-
Contract labor	-	2,500	-	-
Direct Deposit Fees	-	66	-	-
Dues	-	486	-	-
Employee benefits	-	475	-	-
Equipment rental	-	1,607	-	-
Fire inspection	-	7,230	-	-
Fundraising	-	-	-	-
Insurance	-	3,399	-	-
Minute Menu	-	15	-	-
Office and lawn maintenance	-	2,445	-	-
Office expenses	-	19,863	534	-
Other	-	200	575	-
Payroll taxes	-	16,590	-	-
Postage	-	4,203	-	-
Provider payments/support	1,480,309	986	-	-
Provider training	-	1,144	-	-
Salaries	-	216,204	-	-
Staff training	-	-	-	-
Telephone	-	3,651	-	-
Travel	-	8,131	-	-
Utilities	-	3,841	-	-
TOTAL FUNCTIONAL EXPENSES	\$ 1,480,309	\$ 312,507	\$ 1,109	\$ -

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

NOTES TO FINANCIAL STATEMENTS

NUTRITION EDUCATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Family Day Care Home Program of Nutrition Education Services, Inc. (hereafter referred to as the Organization), was established to provide supervised provisions of meals. It serves an average of 249 homes per month to primarily low-income, disabled, elderly or other disadvantaged residents of St. Tammany and surrounding parishes. It engages in the U. S. Department of Agriculture Food and Nutrition Services under 7 CFR Part 226.

It operates on a fiscal year ending on September 30th and its significant accounting policies are as follows:

Basis of presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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 Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Measure of operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and demand deposits. For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Receivables

Accounts receivable are stated at net realizable value. The Organization maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers/vendors to make required payments. Because the collection is expected at 100%, an allowance for doubtful accounts has not been recorded.

NUTRITION EDUCATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2020

Inventory

Inventory is stated at cost. It includes only office supplies and printed materials, the amount of which is considered immaterial. Therefore, the acquisition of these items is expensed when purchased, and the inventory on hand at year-end is not reported in the accompanying financial statements.

Property and Equipment

Property and equipment purchased by the Organization are recorded at cost. They are depreciated using the straight-line method over the estimated useful lives of the assets. Equipment with an original cost of \$500 or greater is generally capitalized. Donations of property equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

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. Donor restricted reimbursements whose restrictions are met in the same reporting period are reported as unrestricted support.

Expenses are recorded when incurred in accordance with the accrual basis of accounting. Advertising costs are expensed as incurred. There were no advertising expenses paid during the year.

Use of 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.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Income Taxes

The Organization is a not-for-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The federal income tax returns of the company for fiscal years 2016, 2017, 2018 and 2020 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

NUTRITION EDUCATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 2-AVAILABILITY AND LIQUIDITY

The following represents the Organization’s financial assets at September 30, 2020:

Financial assets at year end:	
Cash and cash equivalents	\$ 79,061
Accounts receivable	114,314
Total financial assets	193,375
Less amounts to used within 12 montsh:	
Provider expenditures	114,289
Total financial assets available for use over the next 12 months.	\$ 79,086

The Organization’s goal is to maintain financial assets to meet 3 months of operating expenses. As part its liquidity plan, cash is held in checking accounts.

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

Demand deposits \$ 79,061

Of this amount, \$56,779 is maintained in the administrative and provider accounts to be utilized for the family day care home program. The remaining funds of \$22,281 are held by the General Fund and can be utilized at the discretion of management.

NOTE 4 - RECEIVABLES

Receivables are stated at the amount the Organization expects to collect. Management considers all receivables to be collectible at September 30, 2020.

Receivables at year-end consist of the following:

Due from Department of Education \$ 114,314

NUTRITION EDUCATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 5 - ACCOUNTS AND OTHER PAYABLES

Payables at year-end include the following:

Accounts payable	\$ 3,833
Payables to providers	114,289
Withholding taxes payable	745
Paycheck Protection Program	43,501
	,
Total	<u>\$ 162,368</u>

NOTE 6 - RESTRICTIONS ON NET ASSETS

Substantially all of the restrictions on net assets relate to amounts requested from the State of Louisiana, Department of Education for reimbursement 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 the note above.

NOTE 7 - 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	\$1,480,309

NOTE 8 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the program and supporting services have been summarized on a functional basis in the schedule of functional expenses. Accordingly, certain costs have been allocated between the program and support services.

NUTRITION EDUCATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 9 - CONCENTRATIONS

Cash and Cash Equivalents. Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At September 30, 2020, the Organization did not have bank balances in excess of FDIC insured limits.

Receivables and Revenues. All receivables recorded are due from the Louisiana Department of Education, Division of Nutrition Assistance. Approximately 99% of the Organization's support is paid by 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.

NOTE 10-PAYCHECK PROTECTION PROGRAM

The agency received a loan in the amount of \$43,500 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security Act (CARES) Act. The loan is subject to a note and may be forgiven to the extent proceeds of the loan are used for eligible expenditures as described in the CARES Act. The loan bears an interest rate of 1.00% and is payable in monthly installments of principal and interest beginning October 18,, 2021 maturing at May 19, 2022. No determination has been made as to whether the funds will be eligible for forgiveness, in whole or part.

NOTE 11 - LITIGATION

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

NOTE 12-COVID 19 PANDEMIC

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which has spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The outbreak could have a continued material adverse impact on economic and market conditions. There continues to be no prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the District and its financial results.

NUTRITION EDUCATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 13- SUBSEQUENT EVENTS

There were no subsequent events between the close of the fiscal year and March 25, 2021 the date on which the financial statements were available to be issued, that would materially impact the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**NUTRITION EDUCATION SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2020**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
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Major Programs

US Department of Agriculture Food and Nutrition Services Child and Adult Day Care Food Program	10.558	
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Family Day Care Home Program

Pass Through
State of Louisiana, Department of Education
Division of Nutrition

Program services: meals/snacks	\$ 1,480,309
Supporting services	<u>312,507</u>
Total federal award expenditures	<u>\$ 1,792,816</u>

**Notes to Schedule of Expenditures of Federal Awards
Year ended September 30, 2020**

Basis of Presentation

This schedule of expenditures of federal awards includes the federal grant activity of the Family Day Care Home Program 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 of Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the basic financial statements.

Indirect Cost Rate

Nutrition Education Services, Inc., has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Subrecipients

There was no awards passed through to sub-recipients.

See Independent Auditor's Report.

**SCHEDULE OF PAYMENTS OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD**

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Agency Head: Nena Cittadino, Executive Director

Compensation	69,534
FICA	5,319
Health Insurance	375
Travel-Monitoring Visits	<u>56</u>
Total	<u>75,284</u>

See Independent Auditor's Report.

SUPPLEMENTARY INFORMATION

Minda B. Raybourn

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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 Trustees of
Nutrition Education Services, Inc.
PO Box 5280
Slidell, LA 70469

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 Nutrition Education Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2020, 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 25, 2021.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, we considered Nutrition Education Services, Inc.'s, internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Nutrition Education Services, Inc.'s, internal control. Accordingly, I do not express an opinion on the effectiveness of Nutrition Education Services, Inc.'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 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 have not been identified. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002 that I consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nutrition Education Services, Inc.'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

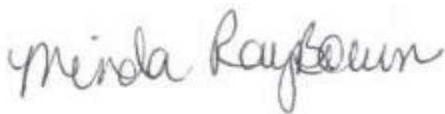
Nutrition Education Services Inc.'s Response to Findings

Nutrition Education Service Inc.'s response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. Nutrition Education Service Inc.'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 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.

This report is intended solely for the information and use of management, others within the agency, the Legislative Auditor, and federal awarding agencies and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Minda Raybourn CPA
Franklinton, LA
March 25, 2021

Minda B. Raybourn

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

To the Board of Trustees of
Nutrition Education Services, Inc.

Report on Compliance for Each Major Federal Program

I have audited Nutrition Education Services, Inc.'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 Nutrition Education Services, Inc.'s, major federal programs for the year ended September 30, 2020. Nutrition Education Services, Inc.'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 Nutrition Education Services, Inc.'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 Nutrition Education

Services, Inc.'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 Education Services, Inc.'s, compliance.

Basis for Qualified Opinion on Child and Adult Day Care Food Program

As described in the accompanying schedule of findings and questioned costs, Nutrition Education Services, Inc. did not comply with requirements regarding CFDA 10.558 Child and Adult Day Care Food Program for activities allowed or unallowed as described in item 2020-003. Compliance with such requirements is necessary, in my opinion, for Nutrition Education Services Inc. to comply with the requirements applicable to that program.

Qualified Opinion on Child and Adult Day Care Food Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Nutrition Education Services, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Child and Adult Day Care Food Program for the year ended September 30, 2020.

Report on Internal Control Over Compliance

Management of Nutrition Education Services, Inc., 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 Nutrition Education Services, Inc.'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 Nutrition Education Services, Inc.'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 a 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. I did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2020-004 and 2020-005 that I consider to be material weaknesses.

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.

A handwritten signature in cursive script that reads "Minda Raybourn".

Minda Raybourn, CPA
Franklinton, LA
March 25, 2021

**MINDA RAYBOURN CPA LLC
820 11TH AVE
FRANKLINTON, LA 70438**

INDEPENDENT AUDITOR'S REPORT ON CLAIMS FOR REIMBURSEMENT

To the Board of Trustees of
Nutrition Education Services, Inc.

I have examined the accompanying claims for reimbursements (Audited Statements of Claims attached) submitted by the Family Day Care Home Program of Nutrition Education Services, Inc., under the FDCH program. My examination was made in accordance with auditing standards established by the American Institute of Certified Public Accountants and with generally accepted government auditing standards established by the Comptroller General of the United States and included tests of programs and accounting records prescribed by the USDAOIG guide for audits of this program. In my opinion, the aforementioned claims present fairly the number of meals or supplements eligible for reimbursement for the period October 1, 2019, through September 30, 2020.



Minda Raybourn, CPA
Franklinton, LA
March 25, 2021

NUTRITION EDUCATION SERVICES, INC.
AUDITED STATEMENT OF CLAIMS
YEAR ENDED SEPTEMBER 30, 2020

REIMBURSEMENT PER AUDIT

Administrative	277,406
Program-meals	<u>1,487,168</u>
Total reimbursement per audit	<u><u>1,764,574</u></u>

REIMBURSEMENTS CLAIMED AND RECEIVED

Administrative	273,636
Program-meals	<u>1,486,653</u>
Total reimbursement claims and received	<u><u>1,760,288</u></u>

(OVER) UNDER CLAIM	<u><u>4,286</u></u>
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See independent auditor's report.

NUTRITION EDUCATION SERVICES, INC.
SCHEDULE OF MEALS SERVED AND PROGRAM REIMBURSEMENTS
YEAR ENDED SEPTEMBER 30, 2020

MEALS SERVED	NUMBER SERVED BY MEAL TYPE				
	BREAKFAST	LUNCH	SUPPLEMENTS	SUPPER	TOTAL
From October 1, 2019 through June 30, 2020					
Tier 1	67,219	150,158	212,600	189,938	619,915
Reimbursement rate	1.33	2.49	0.74	2.49	
Sub-total Tier 1	89,401	373,893	157,324	472,946	1,093,564
From October 1, 2019 through June 30, 2020					
Tier 2	-	114	114	114	342
Reimbursement rate	0.48	1.50	0.20	1.50	
Sub-total Tier 2	-	171	23	171	365
Total for period	89,401	374,064	157,347	473,117	1,093,929
From July 1, 2020 through September 30, 2020					
Tier 1	17,298	58,235	70,915	62,026	208,474
Reimbursement rate	1.39	2.61	0.78	2.61	
Total for period	24,044	151,993	55,314	161,888	393,239
From July 1, 2020 through September 30, 2020					
Tier 2	-	-	-	-	-
Reimbursement rate	0.50	1.58	0.21	1.58	
Sub-total Tier 2	-	-	-	-	-
Total for period	24,044	151,993	55,314	161,888	393,239
TOTAL MEALS SERVED	84,517	208,507	283,629	252,078	828,731
NET REIMBURSEMENT	113,445	526,058	212,661	635,004	1,487,168

See independent auditor's report.

NUTRITION EDUCATION SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2020

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Nutrition Education Services Inc., were prepared in accordance with generally accepted accounting principles.
2. Two material weaknesses are disclosed during the audit of the financial statements in the Schedule of Findings-Financial Statements. No significant deficiencies are reported.
3. No instances of noncompliance material to the financial statements of Nutrition Education Services, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. Two material weaknesses in internal control over major federal award programs disclosed during the audit is reported in the Schedule of Findings and Questioned Costs. No significant deficiencies are reported.
5. The auditor's report on compliance for the United States Department of Agriculture Child and Adult Care Food Program (CACFP) expresses an qualified opinion.
6. The program tested as a major program was the United States Department of Agriculture Child and Adult Care Food Program (CACFP) (CFDA 10.558).
7. The threshold for the distinguishing Types A and B programs is 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, 2020, Nutrition Education Services, Inc., was determined not to be a low-risk auditee.

FINDINGS-FINANCIAL STATEMENTS

2020-001 Accounting Records

Condition: Provider reimbursement revenues and provider payment expenditures recorded on the accounting records did not correspond with the claim submittal forms and provider check registers. Some reimbursement revenues and provider disbursements were posted to the revenue account. Other reimbursement revenues and provider disbursements were posted to the expenditure account. Administrative revenues were not reconciled from the claim submittal forms to the general ledger. Claim submittal forms for revenues and check registers for provider payments were not being reconciled against the general ledger.

Criteria: Internal controls should be in place to reconcile claim submittal forms and provider check registers with the accounting records. Monitoring by management of the reconciliations should be done.

NUTRITION EDUCATION SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2020

Cause: There is inadequate internal controls and implementation of reconciling the program documentation to the general ledger. Monitoring of the reconciliations was not evident.

Effect: Failure to reconcile and monitor reconciliation of the claim submittal forms and check registers with the accounting records will cause the financial statements to be misstated.

Recommendation: Each month, management should reconcile the claim submittal forms to the revenue account on the general ledger. Provider check registers should be reconciled to the provider payment expenditure account. Management should put a monitoring procedure in place to ensure the documentation is reconciled with the general ledger.

View of responsible officials and planned corrective actions: We agree with the auditor's recommendation and procedures will be implemented.

2020-002 Administrative Expenditures

Condition: Three credit card disbursements had charges that could not be verified with a receipt or invoice.

Criteria: Expenditures should be supported by a detailed invoice or detailed receipt. When processing disbursements, management should review the expenditures to ensure that all adequate documentation is present before payment. Underlying documentation should be matched with credit card statements or other statements to ensure payment is proper.

Cause: There are policies and procedures for expenditures and credit cards, but documentation is lacking for credit card payments. Management is not reviewing documentation or matching documentation with the charges on the credit card statement.

Effect: Without an adequate payment process and controls in place, fraud, waste, and abuse of program resources will occur.

Recommendation: Each month, management should reconcile all credit card charges with receipts and invoices. Management should ensure all credit card statements have adequate documentation before processing for payment.

View of responsible officials and planned corrective actions: We agree with the auditor's recommendation and procedures will be implemented.

NUTRITION EDUCATION SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2020

FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAM

2020-003 United States Department of Agriculture Food and Nutrition Services Child and Adult Day Care Food Program CFDA No. 10.558 Grant Period Year Ended September 30, 2020

Condition: Three credit card disbursements had charges that could not be verified with a receipt or invoice
Criteria: Administrative expenditures allowable should be adequately documented with detailed invoices or receipts.

Criteria: Allowable costs for administrative expenses require adequate documentation to support the disbursement.

Cause: There are policies and procedures for expenditures and credit cards, but documentation is lacking for credit card payments. Management is not reviewing documentation or matching documentation with the charges on the credit card statement.

Effect: The costs may be disallowed.

Questioned Costs: \$3,032

Context: A sample of five disbursements totaling \$13,219 was selected from a population of 35 disbursements totaling \$19,863. The test found 3 disbursements were for credit card payments that did not have adequate receipts attached for support for payment. My sample was a statistically valid sample.

Recommendation: Each month, management should reconcile all credit card charges with receipts and invoices. Management should ensure all credit card statements have adequate documentation before processing for payment.

View of responsible officials and planned corrective actions: We agree with the auditor's recommendation and procedures will be implemented.

2020-004 United States Department of Agriculture Food and Nutrition Services Child and Adult Day Care Food Program CFDA No. 10.558 Grant Period Year Ended September 30, 2020

Material Weakness: As discussed in finding 2020-001, Provider reimbursement revenues and provider payment expenditures recorded on the accounting records did not correspond with the claim submittal forms and provider check registers. Some reimbursement revenues and provider disbursements were posted to the revenue account. Other reimbursement revenues and provider disbursements were posted to the expenditure account. Administrative revenues were not reconciled from the claim submittal forms to the general ledger. Claim submittal forms for revenues and check registers for provider payments were not being reconciled against the general ledger.

Failure to reconcile and monitor reconciliation of the claim submittal forms and check registers with the accounting records will cause the financial statements to be misstated.

NUTRITION EDUCATION SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2020

Each month, management should reconcile the claim submittal forms to the revenue account on the general ledger. Provider check registers should be reconciled to the provider payment expenditure account. Management should put a monitoring procedure in place to ensure the documentation is reconciled with the general ledger.

2020-005 United States Department of Agriculture Food and Nutrition Services Child and Adult Day Care Food Program CFDA No. 10.558 Grant Period Year Ended September 30, 2020

Material Weakness: As discussed in finding 2020-002, three credit card disbursements had charges that could not be verified with a receipt or invoice.

Without an adequate payment process and controls in place, fraud, waste, and abuse of program resources will occur.

Each month, management should reconcile all credit card charges with receipts and invoices. Management should ensure all credit card statements have adequate documentation before processing for payment.

Questioned Costs: \$3,032

MANAGEMENT LETTER

None

NUTRITION EDUCATION SERVICES
PO BOX 5280
SLIDELL, LA 70469-5280
(985) 641-5051

CORRECTIVE ACTION PLAN

March 25, 2021

Louisiana Department of Education
Department of Nutrition

Nutrition Education Services, Inc. respectfully submits the following corrective action plan for the year ended September 30, 2020.

Name and address of independent public accounting firm: Minda B. Raybourn CPA LLC, 820 11TH Ave, Franklinton, LA 70438.

Audit Period: September 30, 2020

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

FINIDNGS- FINANCIAL STATEMENT AUDIT

Material Weakness

2020-001 Accounting Records

Recommendation: Each month, management should reconcile the claim submittal forms to the revenue account on the general ledger. Provider check registers should be reconciled to the provider payment expenditure account. Management should put a monitoring procedure in place to ensure the documentation is reconciled with the general ledger.

Action Taken: We concur with the recommendation and will be implemented immediately.

2020-002 Administrative Expenditures

Recommendation: Each month, management should reconcile all credit card charges with receipts and invoices. Management should ensure all credit card statements have adequate documentation before processing for payment.

Action Taken: We concur with the recommendation and will be implemented immediately.

FINDINGS-FEDERAL AWRD PROGRAMS AUDITS

UNITED STATES DEPARTMENT OF AGRICULTURE

2020-003 United States Department of Agriculture Food and Nutrition Services Child and Adult Day Care Food Program CFDA No. 10.558 Grant Period Year Ended September 30, 2020

Recommendation: Each month, management should reconcile all credit card charges with receipts and invoices. Management should ensure all credit card statements have adequate documentation before processing for payment.

Action Taken: We concur with the recommendation and will be implemented immediately.

2020-004 United States Department of Agriculture Food and Nutrition Services Child and Adult Day Care Food Program CFDA No. 10.558 Grant Period Year Ended September 30, 2020

Material Weakness

Recommendation: Each month, management should reconcile the claim submittal forms to the revenue account on the general ledger. Provider check registers should be reconciled to the provider payment expenditure account. Management should put a monitoring procedure in place to ensure the documentation is reconciled with the general ledger.

Action Taken: We concur with the recommendation and will be implemented immediately.

2020-005 United States Department of Agriculture Food and Nutrition Services Child and Adult Day Care Food Program CFDA No. 10.558 Grant Period Year Ended September 30, 2020

Material Weakness

Recommendation: Each month, management should reconcile all credit card charges with receipts and invoices. Management should ensure all credit card statements have adequate documentation before processing for payment.

Action Taken: We concur with the recommendation and will be implemented immediately.

**NUTRITION EDUCATION SERVICES, INC
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2019**

FINDINGS-FINANCIAL STATEMENTS

None

FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAM

None

MANAGEMENT LETTER

None