

**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, 2018**

**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, 2018**

BY

**ROSIE D. HARPER
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**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, 2018**

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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, 2018 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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, 2018, 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* (CFR) 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 Schedules 1 through 9 and the Louisiana Compliance Questionnaire are also presented for purposes of additional analysis and are 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 February 18, 2019 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 solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Nutrition Healthy Choice of Monroe, Incorporated's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Nutrition Healthy Choice of Monroe, Incorporated's internal control over financial reporting and compliance.



Rosie D. Harper
Certified Public Accountant

Monroe, Louisiana
February 18, 2019

FINANCIAL STATEMENTS

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

Statement A

Statement of Financial Position
September 30, 2018

Assets

Cash	\$ 51,484
Reimbursement Receivable	<u>1,363,755</u>
Total Assets	<u><u>1,415,239</u></u>

Liabilities and Net Assets

Liabilities:

Accrued Liabilities	25,757
Deferred Revenue	74,454
Due to Louisiana Department of Education	537
Due to Providers	<u>1,314,491</u>
Total Liabilities	<u>1,415,239</u>

Net Assets:

	<u>-</u>
Total Net Assets	<u>-</u>
Total Liabilities and Net Assets	<u><u>\$ 1,415,239</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, 2018

UNRESTRICTED NET ASSETS

Net Assets Released from Restrictions	
Restrictions Satisfied by Payments	\$ 9,016,157
TOTAL UNRESTRICTED SUPPORT AND RECLASSIFICATION	9,016,157
Expenses	
General and Administrative Expenses	1,047,440
Program Expense	7,968,717
Total Expenses	9,016,157
Change in Unrestricted Net Assets and Reclassifications	-

TEMPORARILY RESTRICTED NET ASSETS

Reimbursements	
Louisiana Department of Education	
Net Assets Released from Restrictions	9,016,157
Restrictions Satisfied by Payments	(9,016,157)
Change in Temporarily Restricted Net Assets	-
Change in Net Assets	-
Net Assets as of Beginning of Year	-
Net Assets as of End of Year	\$ -

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, 2018

Operating Activities	<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	(788,821)
Decrease in Other Receivables	606
Increase in Deferred Revenue	33,736
Increase in Accrued Liabilities	17,249
Decrease in Due to Louisiana Department of Education	(1,422)
Increase in Due to Providers	767,163
Prior Period Adjustment	4,411
Total Adjustments	<u>32,922</u>
Net Cash Provided by Operating Activities	<u>32,922</u>
Net Cash Increase for Period	32,922
Cash at Beginning of Period	<u>18,562</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 51,484</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 D

Statement of Functional Expenses
For the Year Ended
September 30, 2018

	General and Administrative	Program Services	Total Expenses
Personnel Costs			
Salaries and Wages	\$ 643,079	\$ -	\$ 643,079
Related Benefits	82,721	-	82,721
Total Personnel Costs	725,800	-	725,800
Other Expenses			
Contract Costs	10,067	-	10,067
Provider Reimbursements	-	7,968,717	7,968,717
Operating Costs	230,416	-	230,416
Provider Training	7,745	-	7,745
Staff Training	26,655	-	26,655
Travel	30,166	-	30,166
Other Expense	16,591	-	16,591
Total Other Expenses	321,640	7,968,717	8,290,357
Total Functional Expenses	\$ 1,047,440	\$ 7,968,717	\$ 9,016,157

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, 2018**

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 program 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 February 18, 2019, 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, 2016, 2017, and 2018; 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, 2018, the Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated had cash deposits of \$51,484.

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, 2018, the Organization had receivables as follows:

Louisiana Department of Education-Family Day Care Home Program Reimbursements	<u>\$ 1,363,755</u>
Total	<u><u>\$ 1,363,755</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, 2018, the Organization had liabilities totaling \$1,340,785. The liabilities consist of the following:

Accrued Liabilities	\$	25,757
Due to Louisiana Department of Education		537
Due to Providers		1,314,491
Total	\$	<u>1,340,785</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. Starting with funds made available to sponsors in Federal Fiscal Year 2011, sponsors of a day care home may elect to carry over unspent CACFP administrative funds for use in the following fiscal year. The amount a sponsor may carry over may not exceed 10 percent of the sponsor's limit under the homes-times-rates formula described in (1) above (42 USC 1766(f)(3)(B)(iii)).

At September 30, 2018, the Organization had deferred revenue totaling \$74,454 which represents carryover funds of less than 7% of the funds of the total reimbursements received for homes times the effective rate per home.

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. Board member Garnesha Beck served as part-time accounting clerk.

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 not 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, 2018, the Organization was committed to two (2) operating leases for its office facilities and paid rent of \$43,763. Future minimum lease payments under leases that have remaining terms in excess of one year as of September 30, 2018 are:

<u>Fiscal Year</u>	<u>Buildings</u>
2019	40,919
2020	9,900
Total	<u>\$ 50,819</u>

NOTE L-CONCENTRATION OF RISK

For the year ended September 30, 2018, 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-PRIOR PERIOD ADJUSTMENT

The Organization had a prior period adjustment of \$4,411 for voided checks.

NOTE N-SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through February 18, 2019, 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, 2018, 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 February 18, 2019.

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 deficiency in internal control, described in the accompanying schedule of findings and questioned costs that I consider to be a significant deficiency, as *Finding-2018-1*.

Nutrition Healthy Choice of Monroe, Incorporated
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 2018-1*.

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
February 18, 2019



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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, 2018. 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, 2018.

**Nutrition Healthy Choice of Monroe, Incorporated
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 a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item *Findings 2018-1* that I consider to be a significant deficiency.

Nutrition Healthy Choice of Monroe, Incorporated's response to the internal control over compliance finding 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 compliance and, accordingly, I express no opinion on the response.

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
February 18, 2019

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.

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

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

Schedule 2

Administrative Fund
Schedule of Activities - Budget to Actual
September 30, 2018

	Budgeted	Actual	Variance
Revenue			
Reimbursements	\$ 1,115,800	\$ 1,047,440	\$ 68,360
Total Revenue	1,115,800	1,047,440	68,360
Personnel Costs			
Salaries and Wages	639,376	643,079	(3,703)
Payroll Taxes and Other Fringe Benefits	64,963	82,721	(17,758)
Total Personnel Costs	704,339	725,800	(21,461)
Other Expenses			
Contract Costs	12,380	10,067	2,313
Operating Costs	293,581	230,416	63,165
Provider Training	9,000	7,745	1,255
Staff Training	20,000	26,655	(6,655)
Travel	38,500	30,166	8,334
Other Expense	16,000	16,591	(591)
Total Other Expenses	389,461	321,640	67,821
Total Expenses	1,093,800	1,047,440	46,360
Change in Net Assets	\$ 22,000	\$ -	\$ 22,000

See Accompanying Independent Auditor's Report and 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, 2018

A. Actual Administrative Expenditures		\$1,047,440	
Less:	Non-Program Expense	-	
	Budget Overspent	-	
	Questioned Costs	-	1,047,440
		<u>-</u>	<u>1,047,440</u>
B. Administrative Reimbursement			
	1 to 50 Oct 17-Jun 18	64,350	
	51 to 200 Oct 17-Jun 18	158,800	
	201 to 1000 Oct 17-Jun 18	447,620	
	1001+ Oct 17-Jun 18	128,220	
	1 to 50 Jul 18-Sept 18	17,700	
	51 to 200 Jul 18-Sept 18	40,500	
	201 to 1000 Jul 18-Sept 18	168,000	
	1001+ Jul 18-Sept 18	56,358	
		<u>1,081,548</u>	
Less:	Funds to be Returned	(372)	
Plus:	Prior Year Carry-over Funds	40,718	1,121,894
		<u>40,718</u>	<u>1,121,894</u>
C. Approved Administrative Budget			<u>1,115,800</u>
D. Thirty Percent (30%) of Total Reimbursement:			
	Program Reimbursement	7,968,717	
Less:	Funds Disallowed	-	
	Non-Program Expenses		
	Questioned Costs		
	Budget Overspent	-	7,968,717
		<u>-</u>	
	Administrative Reimbursement	1,121,894	
Less:	Funds Disallowed	-	
	Non-Program Expenses	-	
	Questioned Costs	-	
	Budget Overspent	-	1,121,894
		<u>-</u>	<u>1,121,894</u>
		9,090,611	
		x 30%	<u>2,727,183</u>
E. Maximum Reimbursement Allowable (Lesser of A, B, C, or D)			1,115,800
F. Administrative Reimbursement Received Plus Prior Year Carry-over		<u>1,121,894</u>	
G. Administrative Reimbursement Over (Under) Claimed-(Carry-Over)			* <u>74,454</u>

* Carryover funds are less than 7% of reimbursements received.

See Accompanying Independent Auditor's Report and 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, 2018

	<i>Tier 1</i>				
	<i>Breakfast</i>	<i>Lunch</i>	<i>Supper</i>	<i>Supplement</i>	<i>Total</i>
Meals Claimed October 2017 to June 2018					
Meals Claimed	15,692	736,252	1,244,011	1,256,871	3,252,826
Less: Meals Over (Under) Claimed					
Per Audit	-	581	1,127	1,120	2,828
Per Audit Cost	\$ -	\$ 1,429.26	\$ 2,772.42	\$ 817.60	\$ 5,019.28
Total (Over)/Under	-	581	1,127	1,120	2,828
Meals Allowed	15,692	735,671	1,242,884	1,255,751	3,249,998
Reimbursement Rate	\$ 1.31	\$ 2.46	\$ 2.46	\$ 0.73	
Reimbursement Based on Rate	\$ 20,556.52	\$ 1,809,750.66	\$ 3,057,494.64	\$ 916,698.23	\$ 5,804,500.05
Meals Claimed July 2018 to September 2018					
Meals Claimed	4,987	302,977	442,902	448,265	1,199,131
Less: Meals Over (Under) Claimed					
Per Audit	-	813	756	756	2,325
Per Audit Cost	\$ -	\$ 1,999.98	\$ 1,859.76	\$ 551.88	\$ 4,411.62
Total Over/(Under)	-	-	756	-	2,325
Meals Allowed	4,987	302,164	442,146	447,509	1,196,806
Reimbursement Rate	\$ 1.31	\$ 2.46	\$ 2.46	\$ 0.73	
Reimbursement Based on Rate	\$ 6,532.97	\$ 743,323.44	\$ 1,087,679.16	\$ 326,681.57	\$ 2,164,217.14
Total Meals Claimed	20,679	1,037,835	1,685,030	1,703,260	4,446,804
Less Total Overclaims	-	1,394	1,883	1,876	5,153
Total Net Meals Allowed	20,679	1,036,441	1,683,147	1,701,384	4,441,651
Program Reimbursement Allowed	\$ 27,089.49	\$ 2,553,074.10	\$ 4,145,173.80	\$ 1,243,379.80	\$ 7,968,717.19
Adjustment for Rounding Off					\$ 7,968,717.19
Program Reimbursement Allowed					7,978,148.09
Program Reimbursement Received					(9,266.31)
Less Funds Refunded to State at 9/30/18					7,968,881.78
Net Reimbursements Received					<u>7,968,881.78</u>
Program Reimbursement (Over)/Under Claimed					<u>\$ (164.59)</u>

See Accompanying Independent Auditor's Report and 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, 2018

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	\$ 9,016,157
TOTAL UNITED STATES DEPARTMENT OF AGRICULTURE		<u>9,016,157</u>
Total Expenditures of Federal Awards		<u>\$ 9,016,157</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, 2018

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.

The Organization has elected to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2018**

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 2018:1.
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. An instance of significant deficiency in internal control over major federal award programs was disclosed during the audit and is listed below as Findings 2018:1.
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, 2018:

United States Department of Agriculture

CFDA

10.558

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, 2018, the Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated was determined 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, 2018 (continued)**

FINDINGS-FINANCIAL STATEMENTS AUDIT

2018-1 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 were not paid timely.

Condition: Federal and state payroll taxes were not paid timely.

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

Recommendation: The Organization should retain the services of a payroll processing company such as ADP, Quickbooks or Payroll Plus to provide payroll services. These companies will provide the expertise to ensure timely filing and payment of payroll tax liabilities.

Management's response and Planned corrective action:

The payment of payroll taxes generally were timely based on the release of funds of the claim month. Payments were made on line using the EFTPS portal (Electronic Federal Tax Payment System; best option for businesses or large payments; enrollment required). Nutrition Healthy Choice manager was operating with the understanding that when information was entered in to the EFTPS with immediate electronic payment made, there was no need to file a paper 941 form. This was not the case. The Internal Revenue Service does require the quarterly 941 form to be filed. Since being made aware, 941 forms are being filed. The audit of FY19, when completed, will reflect this correction in filing procedure.

FINDINGS-FEDERAL AWARDS

2018-1 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 were not paid timely.

Condition: Federal and state payroll taxes were not paid timely.

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

Recommendation: The Organization should retain the services of a payroll processing company such as ADP, Quickbooks or Payroll Plus to provide payroll services. These companies will provide the expertise to ensure timely filing and payment of payroll tax liabilities.

Management's response and Planned corrective action:

The payment of payroll taxes generally were timely based on the release of funds of the claim month. Payments were made on line using the EFTPS portal (Electronic Federal Tax Payment System; best option for businesses or large payments; enrollment required). Nutrition Healthy Choice manager was operating with the understanding that when information was entered in to the EFTPS with immediate electronic payment made, there was no need to file a paper 941 form. This was not the case. The Internal Revenue Service does require the quarterly 941 form to be filed. Since being made aware, 941 forms are being filed. The audit of FY19, when completed, will reflect this correction in filing procedure.

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, 2018

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.

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.

STATUS: CLEARED

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.

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.

STATUS: CLEARED

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

Schedule of Key Compensated Officers
As of and for the Year Ended September 30, 2018

Job Title	<u>Garneshia Beck</u> Board Member	<u>Dorothy H Patterson</u> Executive Director	<u>Johnny B Patterson</u> Financial Officer
Salary	4,800	102,256	83,950
Benefits-Insurance	-	1,000	-
Benefits-Retirement	-	-	-
Other Benefits	-	-	-
Car Allowance	-	-	-
Vehicle provided by Government	-	-	-
Per Diem	-	463	104
Reimbursements	-	-	-
Travel	-	11,691	3,321
Registration Fees	-	130	130
Conference Travel	-	-	-
Continuing Professional Education Fees	-	-	-
Housing	-	-	-
Unvouchered Expenses	-	-	-
Special Meals	-	-	-
Total Compensation	\$ 4,800	\$ 115,540	\$ 87,505

See Accompanying Independent Auditor's Report and 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, 2018

Board Member	Title	Location
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)**

January 10, 2019

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, 2018 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 January 10, 2019 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**

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.

FY September 30, 2018

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 30, 2019

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 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 No

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

Yes No

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

Yes No

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

Yes No

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

Yes 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 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 No

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

Yes 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 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/llala.nsf>, to determine whether a non-profit agency is subject to the open meetings law.**

N/A Yes 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 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 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 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 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 01/10/2019 Date

**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, 2018**

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, 2018**

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

**Independent Accountant's Report
On Applying Agreed-Upon Procedures
As of and for the Year Ended September 30, 2018**

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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

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
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, 2017 through September 30, 2018. 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, we 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 and inspected the entity's written policies and procedures and observed whether those written policies and procedures addressed each of the following categories and subcategories, 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.

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.

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

- d) *Receipts/Collections*, 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. The employees do not work overtime.
- 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 of statements, 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
- j) *Debt Service*, including (1) debt issuance approval, (2) continuing disclosures/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
N/A

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

Board or Finance Committee

2) I obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

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

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

b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements.

N/A

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

N/A

Bank Reconciliations

3) I obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. I asked management to identify the entity's main operating account. The Entity only had two (2) bank accounts. For each of the bank accounts selected, I randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statements and reconciliations for each account, and observed that:

a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date;

Bank reconciliations were performed timely on all bank accounts provided by the Entity's management.

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

The bank reconciliations are prepared by a staff or board member who does not approve, process, sign or maintain custody of checks. The bank reconciliations are reviewed by an appropriate level of management. No reconciled items were on the bank statement outstanding for more than six months as of the end of the fiscal period.

c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months as of the end of the fiscal period.

No reconciled items were on the bank statement outstanding for more than twelve months as of the end of the fiscal period.

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

Collections

- 4) I obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. I tested the collections from each of the two sites of the Entity.
- 5) For both deposit sites selected, I obtained a listing of collection locations and management's representation that the listing was complete. The Entity had two collection locations. For both locations, I randomly selected one collection location for each deposit site, obtained and inspected written policies and procedures relating to employee job duties at each location, and observed that job duties are properly segregated at each collection location such that:
- a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing /making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

N/A-The Entity does not have cash collection for the CAFCP.

- 6) I inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

All individuals responsible for handling cash and checks are bonded.

- 7) I randomly selected two deposit dates for each of the two (2) bank accounts selected for procedure #3 under "Bank Reconciliations" above. (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day. I obtained supporting documentation for each of the eight (8) deposits and:

N/A-Deposits from the State of Louisiana Department of Education for CAFCP reimbursements.

- a) Observed that receipts were sequentially pre-numbered.
- b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Traced the deposit slip total to the actual deposit per the bank statement.
- d) Observed that the deposit was made within one (1) business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Traced the actual deposit per the bank statement to the general ledger.

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

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

- 8) I obtained a listing of locations that process payments for the fiscal period and management's representation that the listing was complete. I selected the one location where payments are processed.
- 9) For each location selected under #8 above, I obtained a listing of those employees involved with non-payroll purchasing and payment functions. I obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
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 and are pre-approved during the budgeting process by the Louisiana Department of Education. Payments for purchases are paid by original invoices.
 - b) At least two employees are involved in processing and approving payments to vendors.
Payments for purchases were not processed without an approval from an appropriate level of management; a receiving report showing receipt of goods purchased and an approved invoice.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
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.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
The person who mails checks is separate from the persons with signatory authority and make the final authorization and the person who processes payments.
- 10) For each location selected under #8 above, I obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. I randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
- a) Observed that the disbursement matched the related original invoice/billing statement.
My testing did not disclose any discrepancies.
 - b) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
My testing did not disclose any discrepancies.

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

- 11) 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.
- 12) Using the listing prepared by management, I randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. I randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and:
- a) Observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
- My testing did not disclose any discrepancies.
- b) Observed that finance charges and late fees were not assessed on the selected statements.

The Entity incurred interest expense on four (4) of the five (5) cards, but the interest was paid by unrestricted funds from the General Fund and not charged to the FDCHP program funds.

- 13) I used the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly selected all transactions from each statement, and obtained supporting documentation for the transactions. For each transaction, I observed that it was supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

My testing did not disclose any discrepancies.

Travel and Expense Reimbursement

- 14) Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

There were no amounts paid for travel and expense reimbursement that exceeded General Services Administration rates.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

My testing did not disclose any discrepancies.

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- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

My testing did not disclose any discrepancies.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

My testing did not disclose any discrepancies.

Contracts

- 15) I obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* I obtained management's representation that the listing is complete. The Entity had only one (1) contract for an equipment lease. I selected the one (1) contract from the listing, excluding the practitioner's contract, and:

- a) I observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

My testing did not disclose any discrepancies.

- b) I observed that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, 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. My testing did not disclose any discrepancies.

- c) If the contract was amended (e.g. change order), I observed that the original contract terms provided for such an amendment. N/A

- d) I randomly selected one payment from the fiscal period for the contract, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

My testing did not disclose any discrepancies.

Payroll and Personnel

- 16) I obtained a listing of employees employed during the fiscal period and management's representation that the listing is complete. I randomly selected five (5) employees, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.

My testing did not disclose any discrepancies.

- 17) I randomly selected one pay period during the fiscal period. For the five (5) employees selected under #16 above, I obtained attendance records and leave documentation for the pay period, and:

- a) Observed that all selected employees documented their daily attendance and leave (e.g., vacation, sick, compensatory).

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Payroll and Personnel (continued)

- b) Observed that supervisors approved the attendance and leave of the selected employees/officials.
- c) Observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

My testing did not disclose any discrepancies.

- 18) I obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

The Entity did not have any terminated employees during the fiscal year.

- 19) I obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

The Entity's payroll tax forms were filed and paid timely.

Ethics (excluding nonprofits)

- 20) Using the five (5) randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- a. I observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. I observed that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

N/A

Debt Service

- 21) Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

N/A

- 22) Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

N/A

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Other

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

The Entity did not have any misappropriations of public funds or assets during the fiscal period.

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

The notice required by R.S. 24:523.1 was posted by the Entity.

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 our 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
February 18, 2019