

VAN'S KIDDIE CARE CORPORATION

New Iberia, Louisiana

FINANCIAL REPORT

SEPTEMBER 30, 2017

Roslyn J. Johnson, LLC
Certified Public Accountant

VAN'S KIDDIE CARE CORPORATION
New Iberia, Louisiana

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements	7
Single Audit Reports	
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 <i>Government Auditing Standards</i>	13
Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the <i>Uniform Guidance</i>	15
Schedule of Expenditures of Federal Awards	18
Notes to Schedule of Federal Awards	18
Schedule of Findings and Questioned Costs:	
Section I - Summary of Auditor's Results	19
Section II - Financial Statement Findings and Questioned Costs	20
Section III - Federal Award Finding and Questioned Costs	20
Section IV - Management Letter	21

VAN'S KIDDIE CARE CORPORATION
New Iberia, Louisiana

TABLE OF CONTENTS (Concluded)

	Page
Summary Schedule of Prior Audit Findings and Questioned Costs	23
Supplementary Information Schedules	
Schedule 1 - Audited Claims	25
Schedule 2 - Administrative Reimbursement Allowable	26
Schedule 3 - Audited Monetary Claims and Questioned Costs	27
Schedule 4 - Meals Served and Program Reimbursements	28
Schedule 5 - Schedule of Compensation, Benefits and Other Payments to Chief Operating & Financial Officer	29
State Reporting Section	
Independent Accountant's Report on Applying Statewide Agreed-Upon Procedures	31

Independent Auditor's Report

Board of Directors
Van's Kiddie Care Corporation
New Iberia, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of **Van's Kiddie Care Corporation (the Organization)** (a nonprofit organization), which comprise the statement of financial position as of September 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted by the United States of America and the standards applicable to financial audits contained in *Governmental 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 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 opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Van's Kiddie Care Corporation** as of September 30, 2017, and the changes in its net assets and its cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by *Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations*, the other required schedules on page 24 through 28 as required by the Louisiana Department of Education, and the schedule of Compensation, Benefits, and Other Payments to the Chief Operating & Financial Officer as required by LRS 24:513 on page 29, are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with Governmental Auditing Standards, I have also issued my report dated March 23, 2018 on my consideration of **the Organization's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal controls 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 **the Organization's** internal control over financial reporting and compliance.

Roslyn J. Johnson, LLC

Roslyn J. Johnson, LLC
Baton Rouge, Louisiana
March 23, 2018

VAN'S KIDDIE CARE CORPORATION

Statement of Financial Position

September 30, 2017

ASSETS	
Current Assets	
Cash (note 2)	\$ 262,756.12
Reimbursements receivable (note 3)	1,360,250.11
Accounts receivable	4,660.05
Other assets	900.00
Total current assets	<u>1,628,566.28</u>
Equipment, net (note 4)	<u>34,870.34</u>
TOTAL ASSETS	<u><u>\$ 1,663,436.62</u></u>
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable - trade	\$ 15,091.29
Due to providers (note 6)	1,197,930.11
Accrued salaries & taxes payable	108,293.15
Total current liabilities	<u>1,321,314.55</u>
Net assets	
Unrestricted	244,660.78
Temporarily restricted	97,461.29
Total net assets	<u>342,122.07</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,663,436.62</u></u>

The accompanying notes are an integral part of this financial statement

VAN'S KIDDIE CARE CORPORATION

Statement of Activities

For the Year Ended September 30, 2017

Support and Revenues	Unrestricted	Temporarily Restricted	Totals
Federal Financial Assistance through the Louisiana Department of Education:			
Administrative reimbursement		\$ 937,888.00	\$ 937,888.00
Program reimbursement		6,798,238.86	6,798,238.86
Contributions:			-
Fundraising	\$ 90,270.65		90,270.65
Other	-		-
Net assets released from restrictions:			-
Restrictions satisfied by payment	7,736,126.86	(7,736,126.86)	-
Total Support and Revenues	7,826,397.51	-	7,826,397.51
 Expenses			
Program Services			
Meals served - Providers	6,798,234.89		6,798,234.89
Supporting Services			-
Management and general	937,883.88	18,150.24	956,034.12
Fund-raising	74,506.35		74,506.35
 Total Expenses	7,810,625.12	18,150.24	7,828,775.36
 Change in Net Assets	15,772.39	(18,150.24)	(2,377.85)
 Net Assets - Beginning of Year	228,888.39	115,611.53	344,499.92
 Net Assets - End of Year	\$ 244,660.78	\$ 97,461.29	\$ 342,122.07

The accompanying notes are an integral part of this financial statement

VAN'S KIDDIE CARE CORPORATION

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

	Program Service Expense	Supporting Services Expense	Fundraising Expenses	Totals
EXPENSES				
Salaries and wages		\$ 593,790.96	\$ 16,540.00	\$ 610,330.96
Payroll taxes		44,221.63	1,344.83	45,566.46
Insurance		61,586.72		61,586.72
Travel costs		16,255.11		16,255.11
Staff training		8,623.79		8,623.79
Computer technology		5,376.67		5,376.67
Office supplies		31,227.26	-	31,227.26
Printing		1,544.01		1,544.01
Fundraising supplies			3,966.42	3,966.42
Provider training		10,143.66		10,143.66
Building rent		70,800.00	30,012.16	100,812.16
Telephone		12,620.27		12,620.27
Office equipment		787.70		787.70
Bank charges		3,349.71		3,349.71
Taxes			5,689.00	5,689.00
Advertising		1,297.20		1,297.20
Utilities		731.28		731.28
Accounting		12,800.00	1,825.00	14,625.00
Equipment lease		8,042.55		8,042.55
Audit fees		5,800.00		5,800.00
Consulting services		3,600.00		3,600.00
Janitorial services		14,400.00		14,400.00
Computer services		20,718.75		20,718.75
Liability insurance		4,667.60		4,667.60
Uniforms		801.29		801.29
Payroll services		3,687.72	509.94	4,197.66
Depreciation		18,150.24		18,150.24
Security		360.00		360.00
Miscellaneous		650.00	422.00	1,072.00
Contributions			14,197.00	14,197.00
Provider assistance	\$ 6,798,234.89			6,798,234.89
Total Expenses	\$ 6,798,234.89	\$ 956,034.12	\$ 74,506.35	\$ 7,828,775.36

The accompanying notes are an integral part of this financial statement

VAN'S KIDDIE CARE CORPORATION

Statement of Cash Flows

For the Year Ended September 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (2,377.85)
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Depreciation	18,150.24
(Increase) Decrease in Current Assets	
Reimbursement receivable	(776,420.55)
Accounts receivable	1,369.59
Increase (Decrease) in Current Liabilities	
Accounts payable - trade	(2,700.95)
Accounts payable - providers	687,144.55
Accrued salaries and taxes	<u>57,094.27</u>
Net cash provided (used) by operating activities	(17,740.70)

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of equipment	<u>(14,002.67)</u>
Net cash provided (used) by investing activities	<u>(14,002.67)</u>

Net decrease in cash (31,743.37)

CASH AT BEGINNING OF YEAR 294,499.49

CASH AT END OF YEAR \$ 262,756.12

Supplemental Disclosure:

Income taxes paid	<u><u>\$ 5,689.00</u></u>
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The accompanying notes are an integral part of this statement

Van's Kiddie Care Corporation
Notes to the Financial Statements
For the Year Ended September 30, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

Van's Kiddie Care Corporation is a nonprofit organization operating under the laws of the State of Louisiana and began operation on November 13, 1985. It was organized and operates exclusively for nonprofit.

Van's Kiddie Care Corporation operates a Family Day Care Home Program under the Child Care Food Program, Section 17 of the National School Lunch Act. Under the provisions of this program, individuals who care for a small number of children in their homes are reimbursed for the costs of meals served to the children. **Van's Kiddie Care Corporation** through its personnel monitors the composition of the meals to assure nutritional values, make routine inspections of the homes to assure safety of the children who stay there, and act as intermediary between the state and federal agencies who administer funds and the providers who care for the children. This Program is funded totally by federal funds received from the State of Louisiana Department of Education and is a source of 96% of the Organizations revenues. **Van's Kiddie Care Corporation** operations are funded by three sources of revenue as indicated:

Family Day Care Program (98%) – Operates a Family Day Care Home Program that provides meals to children in private centers. Funding is provided by federal funds passed through the Louisiana Department of Education.

General Services (1%) – Provides payment of necessary agency expenses not specifically attributable to a grant/contract by the agency. Funding is provided by various fundraisers and donations by management.

Charitable Gaming (1%) – Participates in providing charitable games of chance in which proceeds are used for charitable purposes of the organization.

B. BASIS OF ACCOUNTING AND FINANCIAL PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

The Organization follows the guidance established by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in the FASB ASC 958. Accordingly, the net assets of the organization are classified to present the following

classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations

Temporarily Restricted Net Assets – Net assets that are subject to donor-imposed stipulations that may or will not be met either by actions of the corporation and/or the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that the organization maintains them permanently. Generally, the donors of these assets permit the organization to use all or part of the income earned on related investments for general or specific purposes. There were no permanently restricted net assets.

C. UNRESTRICTED AND RESTRICTED SUPPORT AND REVENUES

The Organization also follows the guidance of the Financial Accounting Standards Board whereby contributions received are considered available for unrestricted use unless the donor specifies a restriction. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

D. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results may differ from those estimates.

E. REIMBURSEMENTS AND ACCOUNTS RECEIVABLE

Management deems all reimbursements and accounts receivable collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when the determination is made.

F. EQUIPMENT

The Organization's policy is to capitalize equipment over \$300. Lesser amounts are expensed. Purchased equipment is capitalized at cost or, if donated at their estimated fair value at the date of donation. The federal government has a reversionary interest in property purchased with federal funds; its disposition as well as ownership of any proceeds there from is subject to federal regulations. The use of assets purchased with restricted funds is limited to the purposes intended by the funding agency.

Depreciation is provided utilizing the straight-line method over estimated useful lives of the asset. Estimated lives of the assets are as follows:

Office furniture and equipment	5 - 10 years
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G. FUNCTIONAL EXPENSES

Expenses were allocated in the accompanying financial statements to program, supporting services and fundraising functional expense groups. Accordingly, certain costs have been allocated among programs, supporting services, fundraising services based on actual use or management's best estimate.

H. FUND ACCOUNTING

To ensure observance of limitations and restrictions based on the use of resources available to the Family Day Care Home (FDCHP) Program, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with the nature and purpose of such funds. Separate accounts are maintained for each fund. Accordingly, all financial transactions have been reported by fund group.

The assets, liabilities, and net assets of the Family Day Care Home (FDCHP) are reported in a self-balancing current restricted fund that includes all resources available for support of the Family Day Care Home (FDCHP) program.

I. INCOME TAXES

Van's Kiddie Care Corporation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and comparable Louisiana law. However, income from certain activities not directly related to **Van's Kiddie Care's** tax-exempt purpose would be subject to taxation as unrelated business income. The financial statements for the year ended September 30, 2017 included current income tax expenses of \$5,689.00.

J. STATEMENT OF CASH FLOWS

For purposes of the Statement of Cash Flows, **the Organization** considers all highly liquid debt investments purchased with a maturity of three months or less to be cash equivalents.

NOTE 2 - CASH

At September 30, 2017, **the Organization** has cash (book balance) totaling \$262,756.12, which is in noninterest-bearing demand accounts. The deposits are stated at costs, which approximate market and are fully secured by federal deposit insurance.

NOTE 3 - REIMBURSEMENTS RECEIVABLE

Accounts receivable represents reimbursements due from the Louisiana Department of Education for meals served during the month of September 30, 2017.

Provider Reimbursement Receivable	\$1,197,930.11
Administrative Reimbursement Receivable	<u>162,320.00</u>
Total Reimbursements Receivable	<u>\$1,360,250.116</u>

NOTE 4 - EQUIPMENT

At September 30, 2017, the costs of office furniture and equipment were as follows:

	Purchased With Federal Funds			Balance September 30, 2017
	Balance October 1, 2016	Additions	Deletions	
Assets, being depreciated				
Office furniture and equipment	\$188,444.95	14,002.67		\$202,447.62
Total assets, being depreciated	<u>188,444.95</u>	<u>14,002.67</u>	<u>-</u>	<u>202,447.62</u>
Less accumulated depreciation for:				
Office furniture and equipment	<u>149,427.04</u>		<u>18,150.24</u>	<u>167,577.28</u>
Total accumulated depreciation	<u>149,427.04</u>		<u>18,150.24</u>	<u>167,577.28</u>
Total assets, being depreciated, net	<u>\$39,017.91</u>	<u>\$14,002.67</u>	<u>18,150.24</u>	<u>\$34,870.34</u>

Depreciation expense totaled \$18,150.24 for the year ended September 30, 2017.

NOTE 5 - CONCENTRATION OF REVENUES

The Organization receives a large amount of its revenue from one major source, the Louisiana Department of Education. Revenue of the program is based on the number of meals served by providers to children at the approved meal rate. Meal rates are determined on July 1 of each year by the Louisiana Department of Education. Meals served and approved meal rates are reported in the *Schedule of Meals Served and Program Reimbursements*. The revenue from this source represents approximately 98% of **the Organization's** total revenues during the year ended September 30, 2017.

NOTE 6 - DUE TO PROVIDERS

Due to providers represents amounts owed to providers for the cost of meals served during the month of September 2017.

NOTE 7 - BOARD OF DIRECTORS

The management of **Van's Kiddie Care Corporation** is vested in a Board of Directors which consists of five members who serve without compensation.

NOTE 8 - SUBSEQUENT EVENTS

Management is required to evaluate events or transactions that may occur after the statement of financial position date for potential recognition or disclosure in the financial statements. Management performed such an evaluation through March 23, 2018, the date that the financial statements were available to issue, and noted no subsequent events or transactions that occurred after the statement of financial position date requiring recognition or disclosure.

**INDEPENDENT AUDITOR'S REPORTS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS*
AND *UNIFORM GUIDANCE***

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

Board of Directors
Van's Kiddie Care Corporation.
New Iberia, 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 United States the financial statements of **Van's Kiddie Care Corporation (the Organization)** which comprise the statement of financial position as of September 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated March 23, 2018.

Internal Control Over Financial Reporting

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

A deficiency in internal controls exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention of 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. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **the Organization'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose; however, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Legislative Auditor as a public document.

Roslyn J. Johnson, LLC

Roslyn J. Johnson, LLC
Baton Rouge, Louisiana
March 23, 2018

**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 Directors
Van's Kiddie Care Corporation
New Iberia, Louisiana

Report on Compliance for Each Major Federal Program

I have audited the compliance of **Van's Kiddie Care Corporation (the Organization)** with the types of compliance requirements described in the U. S. Office of Management and Budget OMB Compliance Supplement that could have a direct material effect on each major federal program for the year ended September 30, 2017. **The Organization's** major federal program is 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 the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for **the Organizations'** major federal program 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 Organization'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 **the Organization's** compliance.

Opinion on Each Major Federal Program

In my opinion, **Van's Kiddie Care Corporation** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2017.

Report on Internal Control Over Compliance

Management of **the Organization** 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 Organization's** internal control over compliance with the types of compliance requirements that could have a direct and material effect on a 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 for the purpose of expressing my opinion on compliance, 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 Organization'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, material weaknesses may exist that have not been identified.

Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. This information is intended for the information and use of management, the Legislative Auditor for the State of Louisiana, state and federal awarding agencies and is not intended to be and should not be used by anyone other than those specific parties. Accordingly, this report is not suitable for any other purpose; however, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Legislative Auditor as a public document.

Roslyn J. Johnson, LLC

Roslyn J. Johnson, LLC
Baton Rouge, Louisiana
March 23, 2018

VAN'S KIDDIE CARE CORPORATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2017

Federal Grantor/ Pass-Through Grantor/ Program Name	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures September 30, 2017
U. S. Department of Agriculture: Pass-through program from: Louisiana Department of Education - Child and Adult Care Food Program (FDCHP)	10.558	N/A	\$ <u>7,736,126.86</u>

Notes to Schedule of Expenditures of Federal Awards:

Note 1 - Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying schedule of expenditures of federal award include the federal grant activity of Van's Kiddie Care, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations*.

B. Accrued Reimbursement

Federal awards are on a cost reimbursement basis.

C. Federal Indirect Cost Rate

Van's Kiddie Care, Inc. did not elect to use the 10% de minimis federal indirect cost rate for the year ended September 30, 2017.

D. Surecipients

Van's Kiddie Care, Inc. did not provide federal funds to any subrecipients during the year ended September 30, 2017.

The accompanying notes are an integral part of this schedule

VAN'S KIDDIE CARE CORPORATION
Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statement Audit

Type of auditor's report issued:		Unmodified		
Material weakness (es) identified?	_____ Yes	_____ X	_____ No	
Significant deficiency identified that are not considered to be material weaknesses?	_____ Yes	_____ X	_____ No	
Noncompliance material to financial statements noted?	_____ Yes	_____ X	_____ No	

Audit of Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ X	_____ No
Significant deficiency identified that are not considered to be material weaknesses?	_____ Yes	_____ X	_____ No

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the *Uniform Guidance*?

_____ Yes	_____ X	_____ No
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Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

10:558

Child and Adult Care Food Program (FDCHP)

The threshold for distinguishing types A & B programs was program expenditures exceeding \$750,000

Auditee qualified as a low-risk auditee?

_____ X	Yes	_____	No
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VAN'S KIDDIE CARE CORPORATION
Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

SECTION II - FINANCIAL STATEMENT AUDIT

No findings or questioned costs for the year ended September 30, 2017.

SECTION III - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAM

No findings or questioned costs for the year ended September 30, 2017.

SECTION IV - MANAGEMENT LETTER

Management Letter

To the Board of Directors
Van's Kiddie Care Corporation
New Iberia, Louisiana

I have audited the accompanying financial statements of **Van's Kiddie Care Corporation (the Organization)** (a nonprofit organization), which comprise the statement of financial position as of September 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated March 23, 2018. I have 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 United States and the provisions of the Uniform Guidance.

As a part of my examination, I have issued my report on the financial statements, dated March 23, 2018, and my reports on internal control and compliance with laws, regulations, contracts, and grants, and on compliance for each major program and internal control over compliance required by the Uniform Guidance dated March 23, 2018. During my audit, I became aware of the following matter which represents immaterial deviations of compliance or suggestions for improved internal controls.

MLC 2017-001 Bank Reconciliation – Outstanding Provider Payments

Observations:

I noted during my examination of the September 30, 2017 bank reconciliation for the Provider Bank Account, sixty-seven outstanding checks, totaling \$35,743.56 were issued on November 30, 2016; ten months outstanding. I also examined the most current month's bank reconciliation, January 2018 and found these sixty-seven checks still had not cleared the Provider Bank Account; fourteen months later. In my discussions with management, bank representatives, and the outside accounting firm preparing the bank reconciliations, it was determined that the providers actually cashed these checks at a local merchant. However, failure on the part of the merchant's electronic accounting system the funds were not submitted to the banking institution and withdrawn from the Provider Bank Account. Unclaimed checks generally have a period of time before they should be returned to the State in accordance with unclaimed property laws. Although, the Organization has researched this matter, due diligence should be exercised by informing the State sponsor and the merchant in writing the steps you have taken to resolve this matter. In addition, the merchant should be made aware in writing that these funds can be claimed with the deadline for doing so, along with notice of your obligation to return these funds to the State if not claimed.

I recommend the Organization's management exercise due diligence in further researching this issue. The State sponsor and the merchant should be informed in writing of the steps you have taken to resolve this matter.. In addition, the merchant should be made aware in writing that these funds can be claimed with the deadline for doing so, along with your obligation to return these funds to the State if not claimed.

Views of Responsible officials and corrective actions.

We, Van's Kiddie Care, Inc. management, will exercise due diligence in resolving the issue by working with our outside accounting firm to further research the issue. We will ensure the merchant is made aware in writing of the steps we have taken to resolve this matter, and the merchant will also be notified in writing regarding a deadline to claim these funds that were issued on November 30, 2016 before being returned to the state in accordance with unclaimed property laws. As an "in house" corrective action, we will also order checks that indicate the reimbursements will be voided after ninety (90) days of issuance.

Roslyn J. Johnson, LLC

Roslyn J. Johnson, LLC
Baton Rouge, Louisiana
March 23, 2018

VAN'S KIDDIE CARE CORPORATION
Schedule of Prior Findings and Questioned Costs
Year Ended September 30, 2017

No findings or questioned costs for the year ended September 30, 2016.

SUPPLEMENTARY INFORMATION SCHEDULES

VAN'S KIDDIE CARE CORPORATION

Schedule 1

**Audited Statement of Claims
Year Ended September 30, 2017**

REIMBURSEMENTS RECEIVED

Administrative	\$ 937,888.00
Program	<u>6,798,238.86</u>
Total	<u><u>\$ 7,736,126.86</u></u>

REIMBURSEMENTS ALLOWABLE

Administrative	\$ 937,888.00
Program	<u>6,798,238.86</u>
Total	<u><u>\$ 7,736,126.86</u></u>

OVER (UNDER) CLAIM

Administrative	NONE
Program	<u>NONE</u>

TOTAL OVER (UNDER) CLAIMED

<u><u>NONE</u></u>

VAN'S KIDDIE CARE CORPORATION

Schedule 2

**Schedule of Administrative Reimbursement Allowable
Year Ended September 30, 2017**

A. Actual Administrative Expenses	<u>\$ 937,888.00</u>
B. Administrative Reimbursement (Home x Rates)	<u>\$ 937,888.00</u>
C. Approved Administrative Budget	<u>\$1,090,531.38</u>
D. Administrative Reimbursement Allowed	<u>\$ 937,888.00</u>
E. Administrative Reimbursement Received	<u>\$ 937,888.00</u>

VAN'S KIDDIE CARE CORPORATION

Schedule 3

**Schedule of Monetary Claims and Questioned Costs
Year Ended September 30, 2017**

ADMINISTRATIVE REIMBURSEMENT

Administrative overclaim

NONE

PROGRAM REIMBURSEMENT

Meal counts and attendance

NONE

Total Overclaim

NONE

VAN'S KIDDIE CARE CORPORATION

Schedule 4

Schedule of Meals Served and Program Reimbursement
Year Ended September 30, 2017

OCTOBER 1, 2016 TO JUNE 30, 2017

	<u>BREAKFAST</u>	<u>LUNCH</u>	<u>SUPPLEMENT</u>	<u>SUPPER</u>	<u>TOTAL</u>
Number of meals claimed	400,154	445,649	1,053,118	1,040,656	2,939,577
Less: Meals adjustments refund by sponsor					
Net meals allowed	400,154	445,649	1,053,118	1,040,656	2,939,577
Reimbursement rate	1.3200	2.4800	0.7400	2.4800	
Reimbursement based on rate	\$ 528,203.28	\$ 1,105,209.52	\$ 779,307.32	\$ 2,580,826.88	\$ 4,993,547.00

JULY 1, 2017 TO SEPTEMBER 30, 2017

	<u>BREAKFAST</u>	<u>LUNCH</u>	<u>SUPPLEMENT</u>	<u>SUPPER</u>	<u>TOTAL</u>
Number of meals claimed	107,039	209,313	377,541	373,258	1,067,151
Less: Meals refunded by sponsor					
Net meals allowed	107,039	209,313	377,541	373,258	1,067,151
Reimbursement rate	1.3100	2.4600	0.7300	2.4600	
Reimbursement based on rate	\$ 140,221.09	\$ 514,909.98	\$ 275,604.93	\$ 918,214.68	\$ 1,848,950.68

TOTAL MEALS CLAIMED 507,193 654,962 1,430,659 1,413,914 4,006,728

TOTAL NET MEALS ALLOWED 507,193 654,962 1,430,659 1,413,914 4,006,728

PROGRAM REIMBURSEMENT CLAIMED \$ 664,422.83 \$ 1,611,206.52 \$ 1,044,381.07 \$ 3,478,228.44 \$ 6,798,238.86

PROGRAM REIMBURSEMENT ALLOWED \$ 664,422.83 \$ 1,611,206.52 \$ 1,044,381.07 \$ 3,478,228.44 \$ 6,798,238.86

MEALS OVERCLAIMED AND REFUNDED TO STATE \$ -

**Schedule of Compensation, Benefits and Other Payments
to Chief Operating & Financial Officer
Year Ended September 30, 2017**

KEITH BOWLES, CHIEF FINANCIAL AND OPERATING OFFICER

PURPOSE	AMOUNT
Salary	\$ 58,302.50
Benefits - retirement	3,614.75
Benefits-insurance	845.38
Travel	<u>544.31</u>
TOTAL	<u><u>\$ 63,306.94</u></u>

STATE REPORTING SECTION

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors
Van's Kiddie Care Corporation
New Iberia, Louisiana

I have performed the procedures enumerated below, which were agreed to by the Board of Directors of **Van's Kiddie Care, Inc. (the Organization)**, and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2016 through September 30, 2017. The **Van's Kiddie Care Corporation's** management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

I obtained from management the written policies and procedures utilized in its operations and verified whether these policies and procedures addressed each of the following financial/business functions; budgeting, purchasing, disbursements, receipts, payroll/personnel, contracting, credit cards, and travel and expense reimbursements.

Budgeting – **The Organization** has formal written procedures addressing its budget policies and procedures including the preparing, adopting, monitoring, and amending the budget. **The Organization's** major function is the sponsoring of a Family Day Care Home Food Program (FDCHP) with funds received from the Louisiana Department of Education (LDOE). Budgets are requested, approved, monitored, and amended through LDOE. The organization operates this Program in accordance with the Application/Agreement with the State. Any changes or amendments are approved by LDOE and Board of Directors.

Purchasing – Written policies and procedures do not formally address adding vendors, however there is a vendor list maintained on accounting software maintained by an outside accountant. Purchase orders and requisitions are not used and there are no formal written policies addressing purchase orders and requisitions. However, material purchases are mainly limited to those approved by contract and budgeted during the Application/Agreement approval process with the State.

Disbursements – Written policies and procedures include the processing, reviewing, and approving of disbursements.

Receipts – There are written procedures for receiving, recording, and preparing deposits.

Payroll/Personnel – Written policies and procedures include payroll processing, reviewing, and approving time and attendance records including leave.

Contracting - Written policies and procedures on contracting do include type of services requiring written contracts, standard terms and conditions, and legal reviews. Contracts are approved during the Application/Agreement process with LDOE. Types of services are defined by the Program's requirements and allowed expenses per the approved agreement with the State. Monitoring and amending of contracts is by the Board of Directors and LDOE.

Credit Cards – Written policies and procedures include how cards are controlled, allowable business expenses, documentation requirements and required approvers.

Travel and expense reimbursements – Written policies and procedures address allowable expenses, dollar thresholds, documentation requirements and required approvers.

Ethics – Not applicable

Debt Service Not applicable

Management's Response: Management has revised its formal written purchasing procedures to include a purchase requisition process or the electronic equivalent.

Board

I obtained from management the minutes of the Board of Directors for the period ended September 30, 2017 and verified board meetings had been held quarterly in accordance with its bylaws and frequency required by LDOE.

Monthly budget-to-actual comparisons were not included in minutes and there was no deficit spending reported.

I reviewed the Board of Directors monthly minutes for the period ended September 30, 2017 and verified that non-budgetary financial information was included for at least one meeting.

Comment: No exceptions were noted.

Bank Reconciliations

I obtained from management a complete listing of its bank accounts and management's representation that the list was complete. Verified bank reconciliations had been prepared for each account, and reconciling items outstanding for more than six months had been researched by management and the outside accountant responsible for preparing bank reconciliations.

I examined bank reconciliations and determined there was no evidence that the bank reconciliations had been reviewed by a member of management or Board member with no involvement in the transactions associated with the bank account.

Management's Response: Management has revised bank reconciliation procedures and policies to require preparation by the outside accountant with review by management evidenced by the signing and dating of the bank reconciliation.

Collections

All material collections are deposited electronically to **the Organization** from LDOE. Collections of receipts are confirmed yearly in writing by LDOE. The Organization maintains a general ledger of receipts which are reconciled to the bank on a monthly basis by an outside accountant.

Comment: No exceptions were noted.

Disbursements – General

I obtained from management **the Organization's** general ledger for the period ended September 30, 2017, and management's written representation that the general ledger population was complete.

I selected a sample of 25 transactions from **the Organization's** disbursements and examined the supporting documentation. Disbursements were supported by an original invoice or contract and dual signatures are required on all checks issued. Material disbursements are supported by contracts approved during the Application/Agreement with LDOE. A purchase requisition/purchase order system was not used. However, the person responsible for initiating and approving the payment of disbursement transactions is not responsible for recording the transaction to the electronic accounting system.

The Organization's check stock is kept in a locked filed cabinet with access restricted to those with signature authority.

The Organization does not use blank check stock, a signature stamp or signature machine.

Comment: No exceptions were noted.

Credit Cards

Obtained from management a list of credit cards, users and written representation that the list is complete.

The Organization has two credit cards with four authorized users. Selected three monthly statements with the largest transactions and verified documentation included an original receipt identifying what was purchased and that the purchase was for a business purpose. Verified monthly statements did not include the payment of finance charges or penalties. There is no written evidence that monthly statements had been reviewed or approved by someone other than the cardholder.

Management's Response: Management has revised formal written procedures to have monthly credit card statements reviewed and approved by someone other than the cardholder making the purchase evidenced by the signing and dating of the statement.

Travel and Expense Reimbursement

I obtained from management a complete list of all of its travel expenses occurring during the period ended September 30, 2017, and management's representation that the general ledger was complete with all travel and expense reimbursements.

The Organization's written policies and procedures regarding per diem and mileage rates are established by their Agreement with LDOE.

I examined largest travel reimbursement for each employee during audit period. Verified travel expenses were reimbursed in accordance with written policies and procedures and supported by required supporting documentation. Travel was for a business purpose, reimbursements were in accordance with travel regulations, and reimbursement rates did not exceed GSA rates.

Travel approval was by an employee not receiving the travel reimbursement.

Comment: No exceptions were noted.

Contracts

I obtained from management a listing of all contracts for the period ended September 30, 2017 and management's representation that the listing was complete.

I examined all of **the Organizations** contracts. Selected three largest contracts and verified amounts paid per invoice were in accordance with service arrangement. Contract payments were not subject to state Public Bid Law. **The Organization** did not maintain documentation of solicited quotes.

Management's Response: To evidence sound business practices in the contracting process with outside vendors **the Organization** will in the future maintain all solicited quotes.

Payroll and Personnel

I obtained from management a complete list of its employees and their related salaries along with management written representation that the listing is complete.

I determined by examination of **the Organization's** Application/Agreement with LDOE that employees were paid in accordance with pay rates approved.

I determined by review of the budget amendment that pay rates/salaries changes had been approved by LDOE in budget amendment.

I randomly selected the pay period ended June 15, 2017. I determined through examination of employee's time and attendance records that attendance and leave were documented. Also, written leave balances were maintained.

I verified by review of the time and attendance documents for the pay period ended June 15, 2017, that the employee's time and attendance records had been approved by the employee's supervisor.

I found during my examination of payroll registers there were no employees paid termination pay during the period ended September 30, 2017. Employee and employer payroll taxes, as well as the required reporting forms were submitted timely to the applicable agencies.

Comment: No exceptions were noted

Ethics

Not Applicable

Debt Service:

Not Applicable

Other

I observed that the notice, *Fight Fraud and Abuse* had been posted by **the Organization** in compliance with R. S. 24:523.

Comments: No exceptions were noted

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

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

Roslyn J. Johnson, LLC

Roslyn J. Johnson, LLC
Baton Rouge, Louisiana
March 23, 2018