

**IC: FEED THE CHILDREN**  
Jennings, Louisiana

FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
SEPTEMBER 30, 2018

IC: FEED THE CHILDREN  
Jennings, Louisiana

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SEPTEMBER 30, 2018

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*Lenora Krielow, CPA*

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
IC: Feed the Children  
Jennings, Louisiana

### *Report on the Financial Statements*

I have audited the accompanying financial statements of IC: Feed the Children (a nonprofit organization) (the Organization), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities 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.

### *Auditors' Responsibility*

My responsibility is to express opinions on these financial statements based on my audit. 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 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 auditors' 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 opinions.

### *Opinions*

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization 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.

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## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### *Other Matters*

#### *Supplementary Information*

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information has not been subjected to the auditing procedure applied in the audit of the financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated March 26, 2019, on my consideration of the Organization's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

Jennings, Louisiana  
March 26, 2019

*Lenora B Krielow*  
Certified Public Accountant

FINANCIAL STATEMENTS

**IC: FEED THE CHILDREN**  
Jennings, Louisiana

**STATEMENT OF FINANCIAL POSITION**  
SEPTEMBER 30, 2018

<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 18,309
Due from Department of Education	91,840
Prepaid expenses	2,500
Total assets	<u>\$ 112,649</u>
<b>LIABILITIES AND NET ASSETS</b>	
Current liabilities	
Due to providers	\$ 73,830
Withholding taxes payable	1,864
Other payables	593
Total liabilities	<u>76,287</u>
Net assets	
Unrestricted	<u>36,362</u>
Total net assets	<u>36,362</u>
Total liabilities and net assets	<u>\$ 112,649</u>

The accompanying notes are an integral part of this statement

**IC: FEED THE CHILDREN**

Jennings, Louisiana

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues, Gains and Other Support</b>			
Reimbursements:			
Administrative	\$ 119,037	\$ -	\$ 119,037
Program	-	424,979	424,979
Interest Income	875	-	875
Net assts released from restrictions -	-	-	-
Restrictions satisfied by payments	424,979	(424,979)	-
	<u>544,891</u>	<u>-</u>	<u>544,891</u>
Total revenues, gains and other support			
<b>Expenses</b>			
Program Services	452,968	-	452,968
Supporting services:			
Management and general	81,891	-	81,891
Total expenses	<u>534,859</u>	<u>-</u>	<u>534,859</u>
Change in net assets	10,032	-	10,032
Net assets, beginning of year	<u>26,330</u>	<u>-</u>	<u>26,330</u>
Net assets, end of year	<u>\$ 36,362</u>	<u>\$ -</u>	<u>\$ 36,362</u>

The accompanying notes are an integral part of this statement

**IC: FEED THE CHILDREN**

Jennings, Louisiana

**STATEMENT OF CASH FLOWS**  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Cash flows from operating activities	
Change in net assets	<u>\$ 10,032</u>
Adjustments to reconcile change in net assets to net cash flow from operating activities -	
(Increase) decrease in operating assets	
Prepaid rent	(2,500)
Due to Department of Education	27,032
(Decrease) increase in operating liabilities	
Payroll related liabilities	(14,615)
Due to providers	(21,636)
Other liabilities	<u>(1,234)</u>
Total adjustments	<u>(12,953)</u>
Change in cash and cash equivalents	(2,921)
Cash and cash equivalents, beginning of year	<u>21,230</u>
Cash and cash equivalents, end of year:	<u><u>\$ 18,309</u></u>

The accompanying notes are an integral part of this statement

## IC: FEED THE CHILDREN

Jennings, Louisiana

### NOTES TO THE FINANCIAL STATEMENTS

#### **NOTE 1: Summary of Significant Accounting Policies**

##### **Nature of Activities**

IC: Feed the Children (hereafter referred to as the Organization) operates a Family Day Care Home Program under the Child and Adult Care Food Program, Section 17 of the Richard B. Russell National School Lunch Act. Under the provisions of this program, individuals who care for a small number of children in their homes are reimbursed for the costs of meals served to the children. The Organization monitors the composition of the meals to assure nutritional values, makes routine inspections of the homes to assure safety of the children who stay there, and acts 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 the primary source of the Organization's revenues.

##### **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 amount of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

##### **Financial Statement Presentation**

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

##### **Basis of Accounting**

Assets, liabilities, revenues and expenses are recognized on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

##### **Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all highly liquid interest-bearing deposits with a maturity of three months or less when purchased to be cash equivalents.

##### **Prepaid expenses**

Expenditures that have not yet been recorded as an expense but have been paid for in advance are considered prepaid expenses. In other words, prepaid expenses are expenditures paid for in one accounting period, but that will not be recognized until a later accounting period. Prepaid expenses are initially recorded as assets, because they have future economic benefits, and are expensed at the time when the benefits are realized (the matching principle).

##### **Receivables**

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

**IC: FEED THE CHILDREN**  
Jennings, Louisiana

**NOTES TO THE FINANCIAL STATEMENTS**

**Revenue Recognition**

Program reimbursements and grants are recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

**Inventory**

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

**Income Tax Status**

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. In addition, the Organization has been determined, by the Internal Revenue Service, not to be a private foundation within the meaning of Section 509(a) of the code. The Organization received its latest determination letter on March 26, 1999, in which the Internal Revenue Service stated that the Organization was in compliance with the applicable requirements of the Internal Revenue Code (IRC). 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 undertaken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization and has concluded that 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 audit by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

**Property and Equipment**

Property and equipment are valued at historical cost for assets purchased and at fair market value at the date of donation for contributed assets. The Organization maintains a threshold level of \$500 or more for capitalizing capital assets. Depreciable assets are depreciated using the straight-line method over the estimated useful lives of the individual assets as follows:

Furniture and equipment	5 - 7 years
Building and improvements	15 - 20 years

**Support and Expenses**

The Organization reports administrative and program reimbursements on the accrual basis of accounting. The amounts due to providers are also reported on the accrual basis of accounting. A donor-restriction applies to the program reimbursement, and the amount is shown as temporarily restricted net assets. When the donor restriction expires, that is, when the stipulated restriction ends by payments to the providers, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Advertising Costs**

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense was \$0.

**Functional Allocation of Expenses**

The costs of providing various programs and other 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.

**IC: FEED THE CHILDREN**  
Jennings, Louisiana

**NOTES TO THE FINANCIAL STATEMENTS**

**Donated Services and Materials**

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

**NOTE 2: Cash and Cash Equivalents**

Cash and cash equivalents consist of Demand Deposits. Of the demand deposits amounts, \$12,770 is maintained in the administrative and provider accounts to be utilized for the family day care home program. The remaining funds of \$5,539 are held by the General Fund and can be utilized at the discretion of management.

**NOTE 3: Concentration of Credit Risk**

The Organization's cash is deposited in one financial institution. Cash accounts at banks are insured by the FDIC for up to \$250,000. The Organization's cash balance did not exceed this limit and therefore were not subject to credit risk.

**NOTE 4: Prepaid Expense**

During the year, the Organization pre-paid five months of office rent for \$2,500. Prepaid expenses are initially recorded as assets, because they have future economic benefits, and are expensed at the time when the benefits are realized (the matching principle).

**NOTE 5: Receivables**

Receivables are stated at the amount the Organization expects to collect. Management considers all receivables to be collectible at September 30, 2018. Receivables at year-end consist of the following:

Due from Department of Education	<u>\$ 91,840</u>
----------------------------------	------------------

**NOTE 6: Restriction of Net Assets**

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

**NOTE 7: Net assets released from restrictions**

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

Purpose restriction accomplished:	
Meals provided	<u>\$ 424,979</u>

**NOTE 8: Contracts**

On September 1, 2018, the Organization entered into an agreement with Buller CPA Services, LLC, whereas the independent CPA firm would provide bookkeeping and payroll services to the Organization. The term is one year and expires on August 30, 2019. During the current year the Organization paid \$4,246. The future minimum payment required under this contract for 2019 is \$3,663.

**IC: FEED THE CHILDREN**

Jennings, Louisiana

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 9: Non-Cancelable Operating Lease**

The Organization is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations; therefore, the results of these agreements are not reflected in property and equipment. The Organization is leasing a copier under a five-year noncancelable lease, expiring December 2022. Rental expense for the copier amounted to \$1,426.

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

Fiscal Year Ending	Amounts
2019	\$ 1,534
2020	1,534
2021	1,534
2022	1,534
2023	128
Total minimum payments required	<u>\$ 6,264</u>

**NOTE 10: Commitments and Contingencies**

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

**NOTE 11: Executive Director Compensation**

The schedule of compensation, benefits, and other payments to Karen LaBowe, Executive Director follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 39,000
Benefits-FICA	2,984
Conference	260
Total	<u>\$ 42,244</u>

**NOTE 12: Risk Management**

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

**NOTE 13: Concentrations**

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

**NOTE 14: Litigation**

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

**NOTE 15: Subsequent Events**

The Organization has evaluated subsequent events through the date of the independent auditor's report, the date which the financial statements were available to be issued.

## IC: FEED THE CHILDREN

Jennings, Louisiana

### NOTES TO THE FINANCIAL STATEMENTS

#### **NOTE 16: Recent Accounting Pronouncements**

In May 2014, the FASB issued Accounting Standards Update No. 2014-9, Revenue from Contracts with Customers (Topic 606). This guidance is a comprehensive new revenue recognition standard that will supersede substantially all existing revenue recognition guidance. The new standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be more entitled in exchange for those goods or services. In doing so, companies will need to use more judgment and make more estimates than under existing guidance. These may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. On July 9, 2015, the FASB agreed to delay the effective date of the standard by one year. Therefore, the new standard will be effective for annual periods beginning after December 31, 2018 and is not expected to have a significant impact on the Organization's financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) intended to improve financial reporting regarding leasing transactions. The new standard affects all companies and organizations that lease assets and liabilities for the rights and obligations created by those leases if the lease terms are more than 12 months. The guidance also will require qualitative quantitative disclosures providing additional information about the amounts recorded in the financial statements. The amendments in this update are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Organization is evaluating the potential impact of the amendment on the Organization's financial statements.

In August 2016, the FASB issued Accounting Standards update No. 2016-14, Not-for-Profit Entities (Topic 958) to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. The amendment is effective for fiscal years beginning after December 15, 2018. The Organization is evaluating the potential impact of the amendment on the Organization's financial statements.

**SUPPLEMENTAL INFORMATION**

**IC: FEED THE CHILDREN**

Jennings, Louisiana

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Insurance	\$ -	\$ 920	\$ 920
Office Rent		4,750	4,750
Office Equipment Rent		1,426	1,426
Office and supplies		3,382	3,382
Postage and printing		1,622	1,622
Professional fees		13,246	13,246
Provider payments	424,979		424,979
Salaries and benefits	27,989	48,643	76,632
Telephone		895	895
Training / conferences		260	260
Travel and mileage		6,747	6,747
Total expenditures	<u>\$ 452,968</u>	<u>\$ 81,891</u>	<u>\$ 534,859</u>

**OTHER REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**



INDEPENDENT AUDITORS' 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  
IC: Feed the Children  
Jennings, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of American and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of IC: Feed the Children (a non-profit organization) (the Organization), which comprise the statement of financial position as of September 30, 2018 and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated March 26, 2019.

**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 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 controls.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance

My consideration of internal control was for the limited purpose described in the first paragraph of this section was not designed to identify all deficiencies in internal control over financial reporting 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.

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**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of 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 instance of noncompliance, that is required to be reported under *Government Auditing Standards*.

**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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Lenora B Krielow*

Certified Public Accountants

Jennings, Louisiana

March 26, 2019

**IC: FEED THE CHILDREN**

Jennings, Louisiana

**SCHEDULE OF CURRENT AND PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

*FINANCIAL STATEMENTS*

Auditor's Report

The auditor's report expresses an unqualified opinion on the financial statements of the IC: Feed the Children's financial statements as of and for the year ended September 30, 2018

Internal control over financial reporting:

- Material weaknesses(es) identified?            \_\_\_ Yes        X No
- Control Deficiency(es) identified that  
are not considered to be material weakness(es)?   \_\_\_ Yes        X None reported

Noncompliance material to financial  
statements noted?                                        \_\_\_ Yes        X No

**SECTION II - INTERNAL CONTROL AND COMPLIANCE FINDINGS**

Current Year Findings:

- A. There were no internal control findings to be reported.
- B. There are no compliance findings to be reported.

Prior Year Findings:

- A. There were no internal control findings reported.
- B. There are no compliance findings reported.

**SECTION III – FINDINGS AND QUESTIONED COST RELATED TO FEDERAL PROGRAMS**

At September 30, 2018, the IC: Feed the Children did not meet the requirements to have a single audit in accordance with OMB Circular A-133, therefore, this section is not applicable.

**IC: FEED THE CHILDREN**  
Jennings, Louisiana

AGREED-UPON PROCEDURES REPORT

FOR THE YEAR ENDED  
SEPTEMBER 30, 2018



*Lenora Krielow, CPA*

**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

Board of Directors  
IC: Feed the Children  
Jennings, Louisiana

March 26, 2019

I have performed the procedures enumerated below, which were agreed to by IC: FEED THE CHILDREN (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, 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 associate findings are as follows:

***Written Policies and Procedures***

---

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget  
***The Entity does maintain a written policies and procedures regarding budget adoption. There are no procedures to monitor or amend the budget.***
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.  
***The Entity's written policy and procedures regarding purchasing do not address #1, #2, #3, #4 or #5. The Entity has not adopted a policy regarding purchase orders.***
  - c) ***Disbursements***, including processing, reviewing, and approving  
***The Entity has written policy and procedures regarding disbursements.***

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- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

*The Entity has written policies and procedures regarding receipts/collections.*

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

*The Entity has written policies and procedures regarding payroll/personnel.*

- 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 written policies and procedures do not address this area.*

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

*There are no credit cards. The Entity written policies and procedures do not address this area.*

- 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 has written policies and procedures regarding travel and expense reimbursements*

- 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.

*Not Applicable*

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

*The Entity does not have Debt Service. There are no written policies and procedures regarding this area.*

**Management Response:** *Written policies and procedures manual is periodically reviewed for changes and additions.*

***Board or Finance Committee***

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

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

***The Board met with a quorum at least quarterly.***

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 (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

***The minutes reference financial activity related to public funds.***

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.

***Not applicable, the Entity is a non-profit.***

***Bank Reconciliations***

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

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

***Bank reconciliations did not include evidence that they were prepared within 2 months of the related statement closing date.***

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

***Bank reconciliations did not include evidence that management has reviewed the bank reconciliations.***

### ***Bank Reconciliations***

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

***Bank reconciliations did not include evidence that management has reviewed outstanding items.***

***Management Response: Procedures will be implemented to ensure bank reconciliations are prepared within 2 months of the closing date and document that a member of management has reviewed each reconciliation***

### ***Collections***

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4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

***Listing provided by management.***

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

***Entity has no cash drawers or registers. Public funds are deposited electronically from Department of Education.***

- 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.

***Miscellaneous non-public funds are deposited by Director. Reconciling collections is performed by third party CPA firm upon reconciling the general fund.***

- 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.

***The Entity's third-party CPA firm post entries to the general or subsidiary ledger.***

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

***The Entity's third-party CPA firm is responsible for reconciling collections to the general ledger.***

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

***Employees are not covered by a bond nor insurance policy for theft. Only miscellaneous non-public funds are manually deposited.***

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

***Deposits are made through electronic transfer and are matched against the Entity's request for reimbursements.***

- a) Observe that receipts are sequentially pre-numbered.

***No exceptions.***

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

***No exceptions.***

- c) Trace the deposit slip total to the actual deposit per the bank statement.

***Electronic deposits are traced to actual request for reimbursements.***

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

***No exceptions.***

- e) Trace the actual deposit per the bank statement to the general ledger.

***No exceptions.***

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

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

***Entity has only one location.***

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

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9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.  
***No exceptions.***
  - b) At least two employees are involved in processing and approving payments to vendors.  
***No exceptions.***
  - 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.  
***Third party CPA firm is responsible for the vendor files.***
  - 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.  
***Third party CPA firm mails checks.***
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- a) Observe that the disbursement matched the related original invoice/billing statement.  
***No exceptions.***
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.  
***No exceptions when applicable***

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

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11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.  
***No cards, no exceptions.***

IC: FEED THE CHILDREN

Agreed-Upon Procedures

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12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe 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.]

*No exceptions.*

- b) Observe that finance charges and late fees were not assessed on the selected statements.

*No exceptions.*

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

*No exceptions.*

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

***(The following procedures were not performed since there were no exceptions in the prior year)***

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](http://www.gsa.gov)).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- 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).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

***Contracts***

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.  
***No exceptions.***
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).  
***No contracts required by policy or law for board approval***
  - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.  
***Not applicable, no contracts were amended during the fiscal year***
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.  
***No exceptions.***

***Payroll and Personnel***

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16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.  
***Listing was provided by management. All salaries were paid in accordance to authorized rates.***
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)  
***No exceptions.***

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

*No exceptions.*

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

*No exceptions.*

18. Obtain 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.

*No exceptions.*

19. Obtain 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.

*No exceptions. Third Party CPA firm files and transmits payroll taxes.*

#### ***Ethics***

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*(Not applicable, Entity is a non-profit)*

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
- Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - Observe 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.

#### ***Debt Service***

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*(Not applicable, Entity is a non-profit)*

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.
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.

***Other***

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

***Management informed me that the Entity had no misappropriations of public funds or assets during the fiscal year.***

24. Observe 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 Entity has the required notice posted.***

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 is a public document.

***Lenora B Krielow***  
Certified Public Accountant

Jennings, Louisiana  
March 26, 2019