

**IC: FEED THE CHILDREN**

Jennings, Louisiana

**FINANCIAL STATEMENTS**

FOR THE YEAR ENDED  
SEPTEMBER 30, 2019

IC: FEED THE CHILDREN  
Jennings, Louisiana

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## 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, 2019, 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.

### ***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 IC: Feed the Children as of September 30, 2019, 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)

### ***Emphasis of Matter***

As discussed in Note 1 of the financial statements, the Organization adopted Accounting Standards Update (ASU) No. 2016-14, *Not-For-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-For-Profit Entities* in the current year related to the presentation of financial statements. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. My opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Supplementary Information*

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer on page 16 is 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 Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated February 24, 2020, on my consideration of the Organization's internal control over financial reporting and on 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.

*Lenora Krielow, CPA*

Lake Charles, Louisiana  
February 24, 2020

## **FINANCIAL STATEMENTS**

IC: FEED THE CHILDREN  
Jennings, Louisiana

STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2019

ASSETS

Current assets		
Cash and cash equivalents	\$	59,264
Due from Department of Education		50,743
Prepaid expenses		2,799
Total current assets	\$	<u>112,806</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Due to providers	\$	73,521
Withholding taxes payable		6,412
Other payables		664
Total current liabilities		<u>80,597</u>
Net assets		
Without donor restrictions		<u>32,209</u>
Total net assets		<u>32,209</u>
Total liabilities and net assets	\$	<u>112,806</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, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains and Other Support</b>			
Reimbursements:			
Administrative	\$ 107,830	\$ -	\$ 107,830
Program	-	437,630	437,630
Other Income	217	-	217
Net assts released from restrictions -	-	-	-
Restrictions satisfied by payments	437,630	(437,630)	-
Total revenues, gains and other support	545,677	-	545,677
<b>Expenses</b>			
Program Services	469,914	-	469,914
Supporting services:			
Management and general	79,916	-	79,916
Total expenses	549,830	-	549,830
Change in net assets	(4,153)	-	(4,153)
Net assets, beginning of year	36,362	-	36,362
Net assets, end of year	\$ 32,209	\$ -	\$ 32,209

The accompanying notes are an integral part of this statement

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

**STATEMENT OF FUNCTIONAL EXPENSES**  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Program Services	Management and General	Total Expenses
Insurance	\$ -	\$ 224	\$ 224
Office rent	-	6,000	6,000
Office equipment rent	-	1,865	1,865
Office and supplies	-	2,100	2,100
Postage and printing	-	954	954
Professional fees	-	11,829	11,829
Provider payments	437,630	-	437,630
Salaries and benefits	32,284	48,199	80,483
Telephone	-	894	894
Training / conferences	-	150	150
Travel and mileage	-	7,701	7,701
Total expenditures	<u>\$ 469,914</u>	<u>\$ 79,916</u>	<u>\$ 549,830</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, 2019

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	<u>\$ (4,153)</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in assets and liabilities	
(Increase) Decrease in prepaid expenses	(299)
(Increase) Decrease in due from department of education	41,097
Increase (Decrease) in payroll related liabilities	4,548
Increase (Decrease) in due to providers	(309)
Increase (Decrease) in other liabilities	<u>71</u>
Net cash provided by operating activities	<u>45,108</u>
Net increase in cash and cash equivalents	40,955
Cash and cash equivalents, beginning of year	<u>18,309</u>
Cash and cash equivalents, end of year	<u><u>\$ 59,264</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.

**Basis of Presentation**

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.

**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.

**Classification of Net Assets**

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. The Organization does not have any net assets with donor restrictions at September 30, 2019:

*Net Assets Without Donor Restrictions* – Net assets and revenue available and used for current operations and expenditures for current programs. These net assets are not subject to donor or grantor stipulations.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that will be met with the passage of time or occurrence of other events. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for the resource was restricted has been fulfilled or both.

**IC: FEED THE CHILDREN**

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**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1: Summary of Significant Accounting Policies (continued)**

**Liquidity**

As of September 30, 2019, the Organization has \$110,007 consisting of cash \$59,264 and accounts receivable \$50,743. This amount is considered available to meet the needs of general expenditures within one year. The Organization receives the majority of its revenue from state and federal government grant programs and these grants are appropriated each year. The Organization manages its liquidity by regularly monitoring the availability of resources required to meet its operating needs and other contractual commitments. And, by operating within a prudent range of financial soundness and stability while maintaining sufficient reserves to provide reasonable assurance that commitments will continue to be met.

**Fair Value of Financial Instruments**

ASC section 820 *Fair Value Measurements and Disclosures* and ASC section 825 *Financial Instruments* require all entities to disclose the fair value of financial instruments for which it is practicable to estimate fair value. The carrying amount of cash and cash equivalents and accrued receivables approximates fair value because of the short maturity of these financial instruments.

**Prepaid expenses**

Expenditures not yet recorded as an expense but have paid in advance are considered prepaid expenses. In other words, prepaid expenses are expenditures paid for in one accounting period but not 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 the collection is expected at 100%, an allowance for doubtful accounts has not been recorded.

**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.

**IC: FEED THE CHILDREN**

Jennings, Louisiana

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1: Summary of Significant Accounting Policies (continued)**

**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.

## IC: FEED THE CHILDREN

Jennings, Louisiana

### NOTES TO THE FINANCIAL STATEMENTS

#### **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.

#### **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.

#### **Adoption of New Accounting Standards**

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, "*Not-for-Profit Entities*" (Topic 958): *Presentation of Financial Statements for Not-For-Profit Entities*. In particular, the ASU amends the requirements for financial statements and notes and requires among other things, (1) present on the face of the statement of financial position amounts for two classes of net assets at the end of the period, rather than the currently required three classes; (2) present on the face of the statement of activities the amount of the change in each of the two classes of net assets referenced above, rather than the currently required three classes; (3) continue to present on the face of the statement of cash flows the net amount for operating cash flows, using either the direct or the indirect method of reporting, but no longer requires the presentation or disclosure of the indirect method (reconciliation) if using the direct method.

#### **NOTE 2: 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. Cash and cash equivalents consist of Demand Deposits. Of the demand deposits amounts, \$53,343 is maintained in the administrative and provider accounts to be utilized for the family day care home program. The remaining funds of \$5,921 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. The Organization has concentrated credit risk for cash by maintaining deposits in one bank. At September 30, 2019 there were no deposits in excess of the FDIC insurance of up to \$250,000. The Organization's cash balance did not exceed this limit and therefore were not subject to credit risk.

**IC: FEED THE CHILDREN**

Jennings, Louisiana

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 4: Receivables**

Receivables are stated at the amount the Organization expects to collect. Management considers all receivables to be collectible at September 30, 2019. Receivables at year-end consist of the following:

Due from Department of Education	<u>\$ 50,743</u>
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**NOTE 5: Donor Restriction of Net Assets**

Substantially all of the donor 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 6: 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>\$ 437,630</u>

**NOTE 7: 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 8: 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 9: Contracts**

On September 1, 2019, 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, 2020. During the current year the Organization paid \$4,579. The future minimum payment required for 2020 is \$3,663.

**IC: FEED THE CHILDREN**

Jennings, Louisiana

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 10: 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 January 2023. Rental expense portion for the copier amounted to \$1,534.

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

<u>Fiscal Year Ending</u>	<u>Amount</u>
2020	\$ 1,534
2021	1,534
2022	1,534
2023	128
Total minimum payments required	<u>\$ 4,730</u>

**NOTE 11: 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 12: Litigation**

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

**NOTE 13: Recent Accounting Pronouncements**

In May 2014, the FASB issued Accounting Standards Update No. 2014-9, *Revenue from Contracts with Customers (Topic 606)*, which provides a single comprehensive model for entities to use in accounting for revenue from contracts with customers and supersedes most current revenue recognition models. Subsequent to the issuance of ASU 2014-09, the FASB issued several additional ASU's which amended and clarified the guidance and deferred the effective date. The ASU is effective for annual reporting periods beginning after December 15, 2018, with certain early adoption provisions available. The Organization has determined this will have no significant impact on the Organization's financial statements.

**IC: FEED THE CHILDREN**

Jennings, Louisiana

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 13: Recent Accounting Pronouncements (continued)**

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, 2020, including interim periods within those fiscal years. The Organization is evaluating the potential impact of the amendment on the Organization's financial statements.

**NOTE 14: Subsequent Events**

Management has evaluated subsequent events through February 24, 2020, the date that the financial statements were available to be issued and determined that no significant events have occurred requiring disclosures.



**SUPPLEMENTAL INFORMATION**

**IC: FEED THE CHILDREN**

Jennings, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO  
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**Agency Head Name:** Karen LaBowe, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 44,774
Benefits - insurance	N/A
Benefits - retirement	3,425
Benefits	N/A
Car Allowance	N/A
Vehicle provided by government	N/A
Per diem	N/A
Reimbursements	N/A
Registration fees	N/A
Conference travel	N/A
Continuing Professional Education	N/A
Housing	N/A
Special meals	N/A
Fiscal Year End - Total	<u>\$ 48,199</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, 2019 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 February 24, 2020.

**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.

### **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 Krielow, CPA*

Lake Charles, Louisiana

February 24, 2020



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

AGREED-UPON PROCEDURES REPORT

FOR THE YEAR ENDED  
SEPTEMBER 30, 2019



**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED 2019**

Board of Directors  
IC: Feed the Children  
Jennings, Louisiana

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, 2018 through September 30, 2019. 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***

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



### ***Written Policies and Procedures (continued)***

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- 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)
- h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- 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.
- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) ***Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The Entity maintains written policies for budget adoption, although there are no procedures to monitor or amend the budget. There are written policies and procedures regarding disbursements, receipts / collections, payroll / personnel, and travel / expense reimbursements. The Entity does not have policies regarding contracting. Ethics policies is not applicable, there are no credit cards and no debt. The entity relies upon web software that backups up data regularly and the software provider has a written policy. The entity does not have a written disaster recover / business continuity plan.

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.
  - 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.*

### ***Board or Finance Committee (continued)***

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- 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.

As noted in year three instructions, if this category had no exceptions in year two, year three test may be omitted. There were no exceptions in year two and therefore these tests were omitted.

### ***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);
  - 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
  - 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 for all accounts were tested. There was no evidence that they were prepared within two months of the related statement closing date. The accounts tested did not contain evidence that management or a board member separate from involvement with the transactions reviewed the bank reconciliations. There were two outstanding checks that were outstanding for more than twelve months from the statement closing date.

Management is aware of the exceptions and will consider implementing additional procedures.

### ***Collections (Excluding EFT's)***

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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).
- 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.

***Collections (Excluding EFT's) (continued)***

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- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(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.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
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:
- a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - 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).
  - e) Trace the actual deposit per the bank statement to the general ledger.

All public funds are deposited through Electronic Funds Transfer (EFT's.) No exceptions noted.

***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).
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.
  - b) At least two employees are involved in processing and approving payments to vendors

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

- 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.
  - 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.
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.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

As noted in the year three instructions, if this category had no exceptions in year two, year three test may be omitted. There were no exceptions in year two, therefore these tests were omitted.

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

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

The Entity has no Credit Cards / Debit Cards / Fuel-Cards / P-Cards. No exceptions noted.

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

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

As noted in year three instructions, if this category had no exceptions in year one, year three test may be omitted. There were no exceptions in year one and therefore these tests were omitted.

***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:
- 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.
  - Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
  - 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.

As noted in the year three instructions, if this category had no exceptions in year two, year three test may be omitted. There were no exceptions in year two, therefore these tests were omitted.

***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.
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.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
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' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
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.

As noted in the year three instructions, if this category had no exceptions in year two, year three test may be omitted. There were no exceptions in year two, therefore these tests were omitted.

***Ethics***

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

Not applicable, Entity is a non-profit.

***Debt Service***

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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.

**Debt Service**

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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.

Not applicable, Entity is a non-profit.

**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.
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.

As noted in the year three instructions, if this category had no exceptions in year two, year three test may be omitted. There were no exceptions in year two, therefore these tests were omitted.

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 Krielow, CPA*

Lake Charles, Louisiana  
February 24, 2020