Celebrating 30 Years

Luther Speight & Company
Certified Public Accountants and Consultants

THE HEALTHY SCHOOL FOOD COLLABORATIVE, INC.

AUDITED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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Luther Speight & Company
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Healthy School Food Collaborative, Inc.
New Orleans, Louisiana

We have audited the accompanying financial statements of The Healthy School Food Collaborative, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Continued,

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Healthy School Food Collaborative, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards on page 22, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and the Schedule of Compensation, Benefits, and Other Payments to the Agency Head on page 24 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 our 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*, we have also issued our report dated July 28, 2021, on our consideration of The Healthy School Food Collaborative, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Healthy School Food Collaborative, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Healthy School Food Collaborative, Inc.'s internal control over financial reporting and compliance.

Luther Speight & Co

Luther Speight & Company CPAs
New Orleans, Louisiana
July 28, 2021

The Healthy School Food Collaborative, Inc.
Statement of Financial Position
As of June 30, 2020

ASSETS		
Cash and Cash Equivalents	$	800,173
Grants Receivable		12,250,289
Property and Equipment, Net		5,264
TOTAL ASSETS	$	13,055,726
LIABILITIES		
Accounts Payable	$	11,067,296
Due to Related Entity		249,103
TOTAL LIABILITIES		11,316,399
NET ASSETS		
Without Donor Restrictions		1,739,327
TOTAL NET ASSETS		1,739,327
TOTAL LIABILITIES AND NET ASSETS	$	13,055,726

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

The Healthy School Food Collaborative, Inc.
Statement of Activities
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Support			
Government Grants and Contracts	$ 20,260,495	$ -	$ 20,260,495
Total Support	20,260,495	-	20,260,495
TOTAL SUPPORT AND REVENUE	20,260,495	-	20,260,495
EXPENSES			
Program Services	18,229,778	-	18,229,778
Management and General	296,330	-	296,330
TOTAL EXPENSES	18,526,108	-	18,526,108
Change in Net Assets	1,734,387	-	1,734,387
NET ASSETS, BEGINNING OF YEAR	4,940	-	4,940
NET ASSETS, END OF YEAR	$ 1,739,327	$ -	$ 1,739,327

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

The Healthy School Food Collaborative, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2020

	Program Services	Management and General	Total
CACFP Meal Costs	$ 6,130,273	$ -	$ 6,130,273
SFSP Meal Costs	12,099,505	-	12,099,505
Professional Services	-	4,725	4,725
Contract Services	-	291,345	291,345
Office Expense	-	82	82
Interest and Bank Charges	-	178	178
Total Expenses	$ 18,229,778	$ 296,330	$ 18,526,108

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

The Healthy School Food Collaborative, Inc.
Statement of Financial Position
For the Year Ended June 30, 2020

Cash Flows from Operating Activities		
Change in Net Assets	$	1,734,387
Adjustments to Reconcile Change in Net Assets to		
Net Cash (Used) Provided by Operating Activities:		
Net Changes in Assets and Liabilities:		
Increase in Grant Receivables		(11,964,861)
Increase in Accounts Payable		10,821,952
Increase in Due To HSFC, LLC		185,921
Total Adjustments		(956,988)
Net Cash Provided by Operating Activities		777,399
Cash Flows from Investing Activities		
Purchase of Property and Equipment		(5,264)
Net Cash Used by Investing Activities		(5,264)
Net Change in Cash and Cash Equivalents		772,135
Cash and Cash Equivalents - Beginning of Period		28,038
Cash and Cash Equivalents - End of Period	$	800,173

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

THE HEALTHY SCHOOL FOOD COLLABORATIVE, INC.
Notes to the Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Healthy School Food Collaborative, Inc. (the Organization) is a Louisiana non-profit corporation organized to reduce childhood obesity by providing students, families, and communities access to nutritious and affordable food sources, sustainable, healthy meal choices, and by promoting the development of lifelong healthy dietary and living behaviors. To achieve these goals, the Organization partners with charter schools, private schools and other non-profit organizations. The Organization is exempt from Federal Income Taxes under Section 501(c)3 of the Internal Revenue Code.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

In accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 958, which established standards for external financial reporting by not-for-profit organizations, the Organization classifies resources for accounting and reporting purposes into two net asset categories which are with donor restrictions and without donor restrictions. A description of these two net asset categories is as follows:

- Net assets without donor restrictions include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of the Organization are included in this category. The Organization has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of the Organization and therefore, their policy is to record those net assets as without donor restrictions.
- Net assets with donor restrictions include funds that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions

At June 30, 2020, the Organization had no net assets with donor restrictions.

THE HEALTHY SCHOOL FOOD COLLABORATIVE, INC.
Notes to the Financial Statements
March 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents
For the purposes of the statement of cash flows, the organization considers all unrestricted highly liquid investments with a maturity of three months or less to be cash equivalents.

Property and Equipment
Expenditures for the acquisition of property and equipment are capitalized at cost. The fair value of donated property and equipment is similarly capitalized. The Organization's threshold for capitalization is $5,000. Depreciation is computed using the straight-line method for financial reporting purposes over the following estimated useful lives:

Leasehold Improvements	7 years

Concentration of Credit
The Organization maintains cash accounts with one commercial bank. At June 30, 2020, the balance exceeded the federal insured amount of $250,000 by $550,173.

Functional Allocation of Expenses
The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted based on the time spent on each program.

Income Taxes
The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)3 of the Internal Revenue Code and classified by the Internal Revenue Services as other than a private foundation.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax,* for the years ending December 31, 2017, 2018 and 2019 are subject to examination by the IRS, generally for three years after they were filed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Revenue Recognition
Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions.

A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Unconditional contributions, or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor, are recorded as revenue with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional contributions are recognized when the barriers to entitlement are overcome and the promises become unconditional. Unconditional contributions are recognized as revenue when received. Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award. Exchange transactions are reimbursed based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

Recently Issued Financial Accounting Pronouncements
On June 21, 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU assist in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) subject to Subtopic 958-605 or as exchange (reciprocal) transactions subject to Accounting Standards Codification 606 and (2) determining whether a contribution is conditional. The contribution guidance in Subtopic 958-605 requires an entity to determine whether a transaction is conditional, which affects the timing of the revenue recognized. The Organization has applied the amendments in this ASU on a modified prospective basis. There was no change on opening balances of net assets and no prior period results were restated.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Recently Issued Financial Accounting Pronouncements, Continued

In May 2014, the FASB issued ASU 2014-09 *Revenue From Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. When adopted, the amendments in this ASU must be applied using one of two retrospective methods. ASU No. 2014-09 was originally effective for nonpublic entities for annual periods beginning after December 15, 2018. On June 3, 2020, FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)* that extended the effective date for certain entities, including the Organization, to annual periods beginning after December 15, 2019. The Organization has applied the amendments in this ASU on a modified prospective basis. There was no change on opening balances of net assets and no prior period results were restated.

In 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. ASU No. 2016-02 must be applied modified retrospectively. On June 3, 2020, FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)* that extended the effective date for certain entities, including the Organization, to annual periods beginning after December 15, 2021. The Organization is currently evaluating the effects of this ASU.

NOTE 2 – PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows:

Asset Category	Useful Lives	2020
Leasehold Improvements	7 years	5,264
Subtotal		5,264
Accumulated Depreciation		-
Net Property and Equipment		$ 5,264

The Organization did not record depreciation expense for the fiscal year ended June 30, 2020.

THE HEALTHY SCHOOL FOOD COLLABORATIVE, INC.
Notes to the Financial Statements
June 30, 2020

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and Cash Equivalents	$	800,173
Grants Receivable		12,250,289
	$	13,050,462

NOTE 4 – ECONOMIC DEPENDENCY

The Organization receives the majority of its revenues from funds provided through two federal grants. During the fiscal year ended June 30, 2020, 100% of total support and revenue was received from the federal grants. The grant amounts are appropriated each year by federal and state governments. If significant budget cuts are made at the federal, state and/or local level, the amount of funds the Organization receives could be reduced significantly and could have an adverse impact on its operations. Revenue for the year ended June 30, 2020 is as follows:

Summer Food Service Program (SFSP)	$	13,405,082
Child and Adult Care Food Program (CACFP)		6,855,413
	$	20,260,495

NOTE 5 – FEDERAL COMPLIANCE CONTINGENCIES

The Organization receives all of its revenues from government grants and contracts, all of which are subject to audit by the governments. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and are subject to audit by the government. Until such audits, if any, there exists a contingency to refund any amount received in excess of allowable cost. Management is of the opinion that no material liability will result from such audits.

THE HEALTHY SCHOOL FOOD COLLABORATIVE, INC.
Notes to the Financial Statements
June 30, 2020

NOTE 6 – RELATED PARTY TRANSACTIONS

The project management for the Organization's operations were primarily provided by a related entity. This for-profit entity is owned and controlled by the Organization's CEO. Before the year ended June 30, 2020, the project management needs for the Organization were minimum and Management used the related party to accommodate the increase in activity during the Global Pandemic (see Note 7). Total expenses incurred to the related party entity during the year ended June 30, 2020 was $291,345, which is recorded in Labor Costs in the Statement of Activities. As of June 30, 2020, the Organization had an outstanding payable balance to the related party in the amount of $233,996.

NOTE 7 – COVID-19 GLOBAL PANDEMIC

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) spread across multiple countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the United States have declared a state of emergency. It is anticipated that these impacts will continue for some time subsequent to year end. Future potential impacts may include disruptions to the Organization's operations and the ability for the Organization's employees to perform their tasks.

NOTE 8 – SUBSEQUENT EVENTS

Management of the Organization has evaluated all subsequent events through July 28, 2021, the date the financial statements were available to be issued. No additional disclosures are considered necessary.

Luther Speight & Company
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
The Healthy School Food Collaborative, Inc.
New Orleans, Louisiana

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Healthy School Food Collaborative, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 28, 2021.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered The Healthy School Food Collaborative, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purposes of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Healthy School Food Collaborative, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Healthy School Food Collaborative, Inc.'s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding #2020-001 to be a material weakness.

Continued,

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding #2020-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Healthy School Food Collaborative Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

The Healthy School Food Collaborative, Inc.'s Response to Findings

The Healthy School Food Collaborative, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Healthy School Food Collaborative's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Luther Speight & Company CPAs
New Orleans, Louisiana
July 28, 2021

Luther Speight & Company
Certified Public Accountants and Consultants

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

To the Board of Directors of
The Healthy School Food Collaborative, Inc.
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program
We have audited The Healthy School Food Collaborative, Inc.'s compliance with the type of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on The Healthy School Food Collaborative, Inc.'s major federal programs for the fiscal year ended June 30, 2020. The Healthy School Food Collaborative, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with the requirements federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for each of the The Healthy School Food Collaborative, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Healthy School Food Collaborative, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination of The Healthy School Food Collaborative, Inc.'s compliance.

Opinion on Each Major Federal Program
In our opinion, The Healthy School Food Collaborative, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the fiscal year ended June 30, 2020.

Opinion on Each Major Federal Program

In our opinion, The Healthy School Food Collaborative, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the fiscal year ended June 30, 2020.

Continued,

Report on Internal Control Over Compliance

Management of The Healthy School Food Collaborative is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Healthy School Food Collaborative's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Healthy School Food Collaborative's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Luther Speight & Co

Luther Speight & Company CPAs
New Orleans, Louisiana
July 28, 2021

THE HEALTHY SCHOOL FOOD COLLABORATIVE, INC.
Summary of Auditor's Results
June 30, 2020

PART I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

An unmodified opinion was issued on the financial statements of the auditee.

Internal Control Over Financial Reporting:	
Material weaknesses identified?	_X_ yes ____ no
Significant deficiencies identified not considered to be material weaknesses?	_X_ yes ____ no
Noncompliance material to financial statements noted?	____ yes _X_ no

Federal Awards

Internal control over major programs:	
Material weakness (es) identified?	____ yes _X_ no
Significant deficiency(s) identified not considered to be material weaknesses?	____ yes _X_ no

An unqualified opinion was issued on compliance.

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	____ yes _X_ no

The major programs for the year ended June 30, 2020 were as follows:

1. Child and Adult Care Food Program - CFDA 10.558
2. Summer Food Service Program – CFDA 10.559

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000

Auditee did not qualify as a low-risk auditee.

THE HEALTHY SCHOOL FOOD COLLABORATIVE, INC.
Schedule of Findings and Questioned Costs
June 30, 2020

PART II – FINANCIAL STATEMENT FINDINGS

2020-001 – INTERNAL CONTROLS OVER PURCHASING AND CASH DISBURSEMENTS WERE NOT ADEQUATE – MATERIAL WEAKNESS

CRITERIA: Proper internal controls over purchasing and cash disbursements require management's review and approval of disbursement transactions be documented on transaction source documentation including invoices.

CONDITION: During our testing of cash disbursements, we noted there was no documented approval on the invoices we examined indicating acceptance and verification of proper delivery of food purchases. Our sample included eight (8) transactions for a total of $13,495,402. The sample represented 73% of the total nonpayroll disbursements for the year.

CAUSE: Management indicated they reviewed and approved all disbursement transactions but did not document their review and approval on original invoices.

EFFECT: The risk of unauthorized disbursement of funds is increased due to the absence of documented transaction approvals.

QUESTIONED COSTS: None

RECOMMENDATION: Management should update their cash disbursement procedures to include documented approvals of all invoices approved for payment.

RESPONSE: Management will implement a review and approval process for all invoices received. This will include one person reviewing all invoices received and then a second person approving the invoices before payment. This will be documented by two signatures on all invoices submitted for payment.

THE HEALTHY SCHOOL FOOD COLLABORATIVE, INC.
Schedule of Findings and Questioned Costs
June 30, 2020

2020-002 – UNINSURED CASH BALANCE – SIGNIFICANT DEFICIENCY

CRITERIA: The Federal Deposit Insurance Corporation (FDIC) insures up to $250,000 of deposits for each entity. Accounting best practices requires that entities with deposit balances above the FDIC limit should obtain formal collateral pledge from their financial institution to safeguard against loss related to the uninsured deposit balances.

CONDITION: At June 30, 2020, the Organization had a deposit balance of $880,173 at one financial institution. As a result, $550,173 of their deposit account balance was uninsured.

CAUSE: Management was not aware that non-profit organizations should require collateralization of their deposits above the FDIC limit.

EFFECT: In the event of failure of the Organization's financial institution the uninsured cash balances bear a significant risk of loss

QUESTIONED COSTS: None

RECOMMENDATION: Management should update their policies to require their financial institution to pledge collateral sufficient to insure balances in excess of the FDIC limits.

RESPONSE: Management will request their bank to insure all accounts and balances to the full amount or find another bank that provides this service.

THE HEALTHY SCHOOL FOOD COLLABORATIVE, INC.
Schedule of Findings and Questioned Costs
June 30, 2020

PART III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

We noted no findings pertaining to federal awards for the year ended June 30, 2020

THE HEALTHY SCHOOL FOOD COLLABORATIVE, INC.
Schedule of Prior Year Findings
June 30, 2020

We noted the Organization was not audited in the prior year; therefore, there are no prior year audit findings.

The Healthy School Food Collaborative, Inc.
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2020

Federal Grantor	Pass-through Grantor	CFDA Number	Program Title	Project/Pass-through Identifying Number	Award Expenditures	Amounts Passed Through to Subrecipients	Total Expenditures
U.S. DEPARTMENT OF AGRICULTURE							
	State of Louisiana Department of Education						
		10.558	Child and Adult Care Food Program	12-3539-0-1-605	$ 6,216.477	-	$ 6,216,477
		10.559	Child Nutrition Cluster - Summer Food Service Program	12-3539-0-1-605	12,309,630	-	12,309,630
TOTAL U.S. DEPARTMENT OF AGRICULTURE					18,526,107	-	$ 18,526,107
				TOTAL FEDERAL EXPENDITURES	$ 18,526,107	$ -	$ 18,526,107

See accompanying notes to the schedule of expenditures of federal awards.

THE HEALTHY SCHOOL FOOD COLLABORATIVE, INC.
Notes to Schedule of Expenditure of Federal Awards
For the Fiscal Year Ended June 30, 2020

NOTE 1 – BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards includes federal grant activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE 2 – PRESENTATION

The accompanying schedule of expenditures of federal awards covers the fiscal year ended June 30, 2020.

NOTE 3 – INDIRECT COST RATE

The Organization has not elected to use the ten percent (10%) indirect cost rate allowed under the Uniform Guidance.

NOTE 4 – LOAN AND LOAN GUARANTEES

The Organization did not expend federal awards related to loans or loan guarantees during the year ended June 30, 2020. The Organization had no loans outstanding at the year ended June 30, 2020.

NOTE 5 – FEDERALLY FUNDED INSURANCE

The Organization has no federally funded insurance.

NOTE 6 – NONCASH ASSISTANCE

The Organization did not receive any federal noncash assistance for the year ended June 30, 2020.

The Healthy School Food Collaborative, Inc.
Schedule of Compensation, Benefits, and Other Payments
to Agency Head or Chief Executive Officer
For the Fiscal Year Ended June 30, 2020

Agency Head Name and Title: James Graham, Executive Director

Purpose	Amount
Salary	$ -
Benefits-FICA	-
Benefits-insurance	-
Benefits-retirement	-
Benefits-executive parking	-
Car allowance	-
vehicle provided by government	-
Contract Services	32,700
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

*** The Executive Director was compensated for services rendered to the Organization through a related for-profit entity. The compensation reflected above is included in contract services in the Statement of Functional Expenses**