

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

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
WITH SUPPLEMENTAL INFORMATION
As of And for The Year Ended September 30, 2020**

BY

**ROSIE D. HARPER
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MONROE, LOUISIANA**

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As of And for The Year Ended September 30, 2020**

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

**Financial Statements
and Independent Auditor's Report
with Supplemental Information
As of and for the Year Ended September 30, 2020**

CONTENTS

	<u>STATEMENTS</u>	<u>PAGE NO.</u>
Independent Auditor's Report		1-2
Financial Statements		
Statement of Financial Position	A	4
Statement of Activities	B	5
Statement of Cash Flows	C	6
Statement of Functional Expenses	D	7
Notes to the Financial Statements		8-11
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		12-13
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance		14-15
Supplemental Information:		
Program Description		17
Schedule of Activities-Budget to Actual (Administrative)		18
Analysis of Administrative Reimbursement Allowable		19
Schedule of Meals Claimed and Reimbursement Allowed		20
Schedule of Expenditure of Federal Awards		21
Schedule of Findings and Questioned Costs		22-24
Schedule of Prior Year Findings		25-26
Schedule of Compensation-Key Management		27
Schedule of Board Members		28



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Independent Auditor's Report

To the Board of Directors of
Nutrition Healthy Choice of Monroe, Incorporated

Report on the Financial Statements

I have audited the accompanying financial statements of The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated (a nonprofit organization), which comprise the statement of financial position as of September 30, 2020 and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Nutrition Healthy Choice of Monroe, Incorporated
Independent Auditor's Report (Continued)**

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated as of September 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. The information in Schedules 1 through 9 and the Louisiana Compliance Questionnaire are also presented for purposes of additional analysis and are not a part of the required financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated July 14, 2021 on my consideration of The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated's internal control over financial reporting and compliance.



Rosie D. Harper
Certified Public Accountant

Monroe, Louisiana
July 14, 2021

FINANCIAL STATEMENTS

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

Statement A

Statement of Financial Position
September 30, 2020

Assets

Cash	\$ 7,581
Due from General Fund	99,144
Other Receivable	3,350
Reimbursement Receivable	<u>708,908</u>
 Total Assets	 <u><u>818,983</u></u>

Liabilities and Net Assets

Liabilities:

Deferred Revenue	118,180
Due to Louisiana Department of Education	6,114
Due to Providers	<u>694,689</u>
 Total Liabilities	 <u><u>818,983</u></u>

Net Assets:

Without Donor Restrictions	-
With Donor Restrictions	<u>-</u>
Total Net Assets	<u>-</u>
 Total Liabilities and Net Assets	 <u><u>\$ 818,983</u></u>

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

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

Statement B

Statement of Activities
For the Year Ended
September 30, 2020

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

Net Assets Released from Restrictions

Restrictions Satisfied by Payments	\$ 10,631,846
TOTAL REVENUE, GAINS AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	10,631,846

Expenses

General and Administrative Expenses	1,122,100
Program Expense	9,509,746
Total Expenses	10,631,846
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	-

CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS

Revenue and Gains

Reimbursements	
Louisiana Department of Education	
Net Assets Released from Restrictions	10,631,846
TOTAL REVENUE AND GAINS WITH DONOR RESTRICTIONS	10,631,846
Restrictions Satisfied by Payments	(10,631,846)
INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS	-
INCREASE IN NET ASSETS	-
NET ASSETS AT THE BEGINNING OF THE YEAR	-
NET ASSETS AT THE END OF THE YEAR	\$ -

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

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

Statement C

Statement of Cash Flows
For the Year Ended
September 30, 2020

Operating Activities	<u>All Funds</u>
Change in Net Assets	\$ -
Adjustments to Reconcile Change in Net Assets to Net	
Cash Used by Operating Activities:	
Decrease in Reimbursement Receivable	1,664
Increase in Due from General Fund	(99,144)
Increase in Deferred Revenue	94,645
Decrease in Accrued Liabilities	(3,925)
Increase in Due to Louisiana Department of Education	3,892
Decrease in Due to Providers	<u>(795,064)</u>
Total Adjustments	<u>(797,932)</u>
Net Cash Used by Operating Activities	<u>(797,932)</u>
Net Cash Decrease for Period	(797,932)
Cash at Beginning of Period	<u>805,513</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 7,581</u></u>

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

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

Statement D

Statement of Functional Expenses
For the Year Ended
September 30, 2020

	General and Administrative	Program Services	Total Expenses
Personnel Costs			
Salaries and Wages	\$ 758,230	\$ -	\$ 758,230
Related Benefits	74,947	-	74,947
Total Personnel Costs	833,177	-	833,177
Other Expenses			
Contract Costs	13,519	-	13,519
Provider Reimbursements	-	9,509,746	9,509,746
Operating Costs	227,877	-	227,877
Provider Training	2,999	-	2,999
Staff Training	6,063	-	6,063
Travel	34,708	-	34,708
Other Expense	3,757	-	3,757
Total Other Expenses	288,923	9,509,746	9,798,669
Total Functional Expenses	\$ 1,122,100	\$ 9,509,746	\$ 10,631,846

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

**Family Day Care Home Program
Of
Nutrition Healthy Choice of Monroe, Incorporated
Monroe, Louisiana**

**Notes to the Financial Statements
As of and for the Year Ended September 30, 2020**

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated is a private non-profit organization domiciled in Monroe, Louisiana. The Organization was chartered by the State of Louisiana on February 10, 1975. The Organization is recognized as a tax exempt (non-profit) organization under section 501 (c) (3) of the Internal Revenue Service Code. It administers assistance to Family Day Care Home providers by enrolling, monitoring, reimbursing, and providing overall assistance to service providers as authorized at section 17 of the National School Lunch Act (42 U.S.C. 1766). The Home providers provide a combination of three meals or snacks a day to eligible children who are kept in the homes of the service providers. A Board of Directors which consists of five (5) members governs the agency. The Board Members receive no compensation.

Public Support and Revenue

In order to comply with restrictions that donors place on grants and other gifts as well as designations made by its governing board, the principles of reporting net assets are used. Revenue and public support consist mainly of governmental grants and contributions. Contributions of cash and other assets are reported as net assets with donor restrictions if they are received with donor restrictions or restrictions designated by the governing board. Contributions are considered to be without restrictions unless restricted by the donor and are reported as net assets without donor restrictions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

Nutrition Healthy Choice of Monroe, Incorporated is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code and, therefore, has made no provision for federal income taxes in the accompanying financial statements.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Organization, and has concluded that as of March 8, 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by Internal Revenue Service for the years ended September 30, 2018, 2019, and 2020; however, there are currently no audits for any tax period in progress.

Advertising

The Organization expenses advertising costs as they are incurred. For the year ended September 30,2020, advertising expense was \$1,295.

**Family Day Care Home Program of
Nutrition Healthy Choice of Monroe, Incorporated
Notes to the Financial Statements (Continued)**

Cash and Cash Equivalents

The Organization considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents. Under state law, the agency may deposit funds in demand accounts, interest bearing accounts, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated had no cash equivalents during the audit period. On September 30, 2020, the Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated had cash deposits of \$7,581.

New Accounting Pronouncements

During the year, the Organization also adopted the provisions of FASB ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958). This accounting standard is meant to help not-for-profit entities evaluate whether transactions should be accounted for as contributions or as exchange transactions and, if the transaction is identified as a contribution, whether it is conditional or unconditional. ASU 2018-08 clarifies how an organization determines whether a resource provider is receiving commensurate value in return for a grant. If the resource provider does receive commensurate value from the grant recipient, the transaction is an exchange transaction and would follow the guidance under ASU 2014-09 (FASB ASC Topic 606). If no commensurate value is received by the grant maker, the transfer is a contribution. ASU 2018-08 stresses that the value received by the general public as a result of the grant is not considered to be commensurate value received by the provider of the grant. Results for reporting the year ended September 30, 2020 are presented under FASB ASU 2018-08. There was no material impact to the financial statements as a result of adoption. Accordingly, no adjustment to opening net assets was recorded.

In 2020, the Organization adopted the provisions of FASB ASU 2016-18, Statement of Cash Flows (Topic 230), This ASU requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the consolidated statement of cash flows. The amendments in the ASU do not provide a definition of restricted cash or restricted cash equivalents. The Organization has applied the provisions of ASU 2016-18 with no effect on net assets or previously issued financial statements.

NOTE B-PENSION PLAN

The Organization does not have a retirement program for its employees and the employees are not members of the State of Louisiana Retirement System. All employees of the Organization are members of the Social Security System. In addition to the employees' contributions, the agency contributes 7.65 percent of adjusted gross payroll to the Social Security System. The Organization does not guarantee the benefits granted by the Social Security System.

NOTE C-FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Family Day Care Home Program of
Nutrition Healthy Choice of Monroe, Incorporated
Notes to the Financial Statements (Continued)**

NOTE D-BUDGET PRACTICES

The Organization prepares an annual budget, which is approved by the Board of Directors prior to being submitted to the reimbursement agency. Budgeted costs amounts are closely monitored to ensure the costs are not exceeded.

NOTE E-RECEIVABLES

At September 30, 2020, the Organization had receivables as follows:

Lousiana Department of Education-Family Day Care Home Program Reimbursements	\$ 708,908
Other Receivable (Bank Error)	3,350
Total	<u>\$ 712,258</u>

NOTE F-LIABILITIES

At September 30, 2020, the Organization had liabilities totaling \$700,803. The liabilities consist of the following:

Due to Louisiana Department of Education	\$ 6,114
Due to Providers	694,689
Total	<u>\$ 700,803</u>

NOTE G-DEFERRED REVENUE

Restricted revenue under the deferral method is recognized as revenue in the period in which the related expense is incurred. Starting with funds made available to sponsors in Federal Fiscal Year 2011, sponsors of a day care home may elect to carry over unspent CACFP administrative funds for use in the following fiscal year. The amount a sponsor may carry over may not exceed 10 percent of the sponsor's limit under the homes-times-rates formula described in (1) above (42 USC 1766(f)(3)(B)(iii)).

At September 30, 2020, the Organization had deferred revenue totaling \$118,180 which represents carryover funds of less than 10% of the funds of the total reimbursements received for homes times the effective rate per home.

NOTE H-RELATED PARTY TRANSACTION

The Board of Directors consists of five (5) members. The spouse of Board Member, Johnny Patterson, serves as the Executive Director of the agency. Board Member Johnny Patterson is employed as the Chief Financial Officer. The Board of Directors approved the appointment of the Executive Director and the Chief Financial Officer.

NOTE I-FRINGE BENEFIT

All full-time employees are offered life insurance coverage up to \$40,000 or the maximum amount the underwriter will approve, whichever is greater. The Organization also pays health insurance benefits for all full-time employees. The Organization contributes \$100 per month for each employee to help defer the cost of health insurance.

**Family Day Care Home Program of
Nutrition Healthy Choice of Monroe, Incorporated
Notes to the Financial Statements (Continued)**

NOTE J-COMPENSATED ABSENCES

Compensated absences are absences for which employees will be paid, such as vacation and/or sick leave. The Organization has a formal policy for accumulation and vesting of annual leave, and sick leave, which is based on the length of service. The days that are granted are included in annual salaries. Annual and sick leave time that are earned but not used may not be brought forward into the next calendar year. For the purpose of this report, accumulated days for compensated absences are considered immaterial.

NOTE K-OPERATING LEASE COMMITMENT

As of September 30, 2020, the Organization was committed to three (3) operating leases for its office facilities and paid rent of \$45,580. Future minimum lease payments under leases that have remaining terms in excess of one year as of September 30, 2020 are:

Fiscal Year	Buildings
2021	44,560
2022	41,747
2023	9,900
Total	<u>\$ 96,207</u>

NOTE L-CONCENTRATION OF RISK

For the year ended September 30, 2020, the Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated was subject to significant concentration risks due to the fact that one hundred percent (100%) of its funding consisted of a contract agreement with the State of Louisiana.

NOTE M. LIQUIDITY MANAGEMENT

As of September 30, 2020, the following financial assets could be made readily available within one year of the statement of financial position date to meet general expenditures:

Cash	\$ 7,581
Due from General Fund	99,144
Other Receivable (Bank Error)	3,350
Reimbursement Receivable	708,908
Total	<u>\$ 818,983</u>

As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due.

NOTE O-SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through July 14, 2021, the date which the financial statements were available to be issued and determined that no events occurred that require disclosure. The following subsequent event occurring after this date has been evaluated for inclusion in these financial statements:

For the year ended September 30, 2020, the General Fund owed the Family Day Care Home Program \$99,144. The \$99,144 was transferred to the program bank account on July 14, 2021.



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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

To: The Board of Directors of
Nutrition Healthy Choice of Monroe, Incorporated

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated (a nonprofit organization) which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated July 14, 2021.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated's internal control. Accordingly, I do not express an opinion on the effectiveness of The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated's internal control.

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

My consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that I consider to be significant deficiencies as *Finding:2020-1*.

**Nutrition Healthy Choice of Monroe, Incorporated
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based
on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*
(Continued)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as *Finding:2020-1*.

Nutrition Healthy Choice of Monroe, Incorporated's Response to Findings

Nutrition Healthy Choice of Monroe, Incorporated's response to the finding identified in my audit is described in the accompanying schedule of findings and questioned costs. Nutrition Healthy Choice of Monroe, Incorporated's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

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



Rosie D. Harper
Certified Public Accountant

Monroe, Louisiana
July 14, 2021



ROSIE D. HARPER

Certified Public Accountant, LLP

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Independent Auditor's Report On Compliance For Each Major Program And On Internal Control Over Compliance Required By Uniform Guidance

To the Board of Directors
Nutrition Healthy Choice of Monroe, Incorporated

Report on Compliance for Each Major Federal Program

I have audited The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated's major federal programs for the year ended September 30, 2020. The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Nutrition Healthy Choice of Monroe, Incorporated's compliance.

Opinion on Each Major Federal Program

In my opinion, The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

**Nutrition Healthy Choice of Monroe, Incorporated
Independent Auditor's Report On Compliance For Each Major Program And On Internal Control Over
Compliance Required By Uniform Guidance (Continued)**

Other Matters

The results of my auditing procedures did not disclose any instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance.

Report on Internal Control Over Compliance

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

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, I identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item *Findings:2020-1* that I consider to be a significant deficiency.

Nutrition Healthy Choice of Monroe, Incorporated's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. Nutrition Healthy Choice of Monroe, Incorporated's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Rosie D. Harper
Certified Public Accountant

Monroe, Louisiana
July 14, 2021

SUPPLEMENTAL INFORMATION

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

PROGRAM DESCRIPTION

The Family Day Care Home program provides by enrolling, monitoring, reimbursing, and providing overall assistance for service providers as authorized at section 17 of the National School Lunch Act (42 U.S.C. 1766) as amended. The home providers provide a combination of three meals or snacks a day to eligible children who are kept in the homes of the service providers. The Family Day Care Home Program is a federally funded program that provides administrative assistance to Family Day Care Home service providers. The agency reimburses service providers for up to three (3) meals per day for eligible applicants. The agency is funded by the United States Department of Agriculture as a pass-through entity of the Louisiana Department of Education.

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

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

Schedule 2

Administrative Fund
Schedule of Activities - Budget to Actual
September 30, 2020

	Budgeted	Actual	Variance
Revenue			
Reimbursements	\$1,262,234	\$ 1,240,280	\$ 21,954
Total Revenue	1,262,234	1,240,280	21,954
Personnel Costs			
Salaries and Wages	746,384	758,230	(11,846)
Payroll Taxes and Other Fringe Benefits	73,152	74,947	(1,795)
Total Personnel Costs	819,536	833,177	(13,641)
Other Expenses			
Contract Costs	17,122	13,519	3,603
Operating Costs	314,249	227,877	86,372
Provider Training	13,219	2,999	10,220
Staff Training	20,000	6,063	13,937
Travel	38,500	34,708	3,792
Other Expense	16,075	3,757	12,318
Total Other Expenses	419,165	288,923	130,242
Total Expenses	1,238,701	1,122,100	116,601
Change in Net Assets	\$ 23,533	\$ 118,180	\$ (94,647)

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

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

Schedule 3

Analysis of Administrative Reimbursement Allowable
September 30, 2020

A. Actual Administrative Expenditures		\$1,122,100		
Less: Non-Program Expense	-			
Budget Overspent	-			
Questioned Costs	-	-		<u>1,122,100</u>
B. Administrative Reimbursement				
1 to 50 Oct 19-Jun 20	54,000			
51 to 200 Oct 19-Jun 20	122,850			
201 to 1000 Oct 19-Jun 20	511,200			
1001+ Oct 19-Jun 20	232,092			
1 to 50 Jul 20-Sept 20	18,000			
51 to 200 Jul 20-Sept 20	40,950			
201 to 1000 Jul 20-Sept 20	170,400			
1001+ Jul 20-Sept 20	<u>61,425</u>	1,210,917		
Less: Funds to be Returned		(504)		
Plus: Prior Year Carry-over Funds		<u>-</u>		<u>1,210,413</u>
C. Approved Administrative Budget				<u>1,262,234</u>
D. Thirty Percent (30%) of Total Reimbursement:				
Program Reimbursement	9,509,746			
Less: Funds Disallowed	-			
Non-Program Expenses				
Questioned Costs				
Budget Overspent	<u>-</u>	9,509,746		
Administrative Reimbursement	1,210,413			
Less: Funds Disallowed	-			
Non-Program Expenses	-			
Questioned Costs	-			
Budget Overspent	<u>-</u>	1,210,413		
		<u>10,720,159</u>		
		x 30%		
				<u>3,216,048</u>
E. Maximum Reimbursement Allowable (Lesser of A, B, C, or D)				1,262,234
F. Administrative Reimbursement Received Plus Prior Year Carry-Over		<u>1,240,280</u>		
G. Administrative Reimbursement Over (Under) Claimed-(Carry-Over)				<u>* 118,180</u>

* Carryover funds are less than 10% of reimbursements received.

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

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

Schedule of Meals Claimed and Reimbursement Allowed
September 30, 2020

	<i>Tier 1</i>				
	<i>Breakfast</i>	<i>Lunch</i>	<i>Supper</i>	<i>Supplement</i>	<i>Total</i>
Meals Claimed October 2019 to June 2020					
Meals Claimed	13,430	993,999	1,398,314	1,421,729	3,827,472
Less: Meals Over (Under) Claimed					
Per Audit	-	233	303	623	1,159
Per Audit Cost	\$ -	\$ 580.17	\$ 754.47	\$ 461.02	\$ 1,795.66
Total Over/(Under)	-	233	303	623	1,159
Meals Allowed	13,430	993,766	1,398,011	1,421,106	3,826,313
Reimbursement Rate	\$ 1.33	\$ 2.49	\$ 2.49	\$ 0.74	
Reimbursement Based on Rate	\$ 17,861.90	\$ 2,474,477.34	\$ 3,481,047.39	\$ 1,051,618.44	\$ 7,025,005.07
Meals Claimed July 2020 to September 2020					
Meals Claimed	3,831	364,677	450,619	457,404	1,276,531
Less: Meals Over (Under) Claimed					
Per Audit	-	937	810	926	2,673
Per Audit Cost	\$ -	\$ 2,445.57	\$ 2,114.10	\$ 722.28	\$ 5,281.95
Total Over/(Under)	-	-	-	-	2,673
Meals Allowed	3,831	363,740	449,809	456,478	1,273,858
Reimbursement Rate	\$ 1.39	\$ 2.61	\$ 2.61	\$ 0.78	
Reimbursement Based on Rate	\$ 5,325.09	\$ 949,361.40	\$ 1,174,001.49	\$ 356,052.84	\$ 2,484,740.82
Total Meals Claimed	17,261	1,357,506	1,847,820	1,877,584	5,100,171
Less Total Overclaims	-	1,170	1,113	1,549	3,832
Total Net Meals Allowed	17,261	1,356,336	1,846,707	1,876,035	5,096,339
Program Reimbursement Allowed	\$ 23,186.99	\$ 3,423,838.74	\$ 4,655,048.88	\$ 1,407,671.28	\$ 9,509,745.89
Adjustment for Rounding Off					
Program Reimbursement Allowed					\$ 9,509,745.89
Program Reimbursement Received					9,516,823.50
Less Funds Refunded to State at 9/30/20					(963.94)
Net Reimbursements Received					9,515,859.56
Program Reimbursement (Over)/Under Claimed					\$ (6,113.67)

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

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

Schedule 5

Schedule of Expenditure of Federal Awards
For the Year Ended September 30, 2020

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Federal Expenditures
UNITED STATES DEPARTMENT OF AGRICULTURE Passed through State of Louisiana Department of Education Child and Adult Care Food Program	10.558	\$ 10,631,846
TOTAL UNITED STATES DEPARTMENT OF AGRICULTURE		<u>10,631,846</u>
Total Expenditures of Federal Awards		<u><u>\$ 10,631,846</u></u>

FAMILY DAY CARE HOME PROGRAM OF NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Family Day Care Home Program of Nutrition Healthy Choice, Incorporated and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the basic financial statements.

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

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

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

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2020**

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated.
2. An instance of significant deficiency over internal controls was disclosed during the audit of the financial statements and is identified as *Finding 2020-1*.
3. An instance of noncompliance or other matters that is required to be reported under Governmental Auditing Standards was disclosed during the audit of the financial statements and is identified as *Finding 2020-1*.
4. An instance of significant deficiency in internal control over major federal award programs was disclosed during the audit and is identified as *Finding 2020-1*.
5. The auditor's report on compliance for the major federal award programs for the Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated expresses an unmodified opinion on all major federal programs.
6. The following funds were received and tested as major or non-major programs for the fiscal year ending September 30, 2020:

United States Department of Agriculture

CFDA
10.558

PROGRAM
Child and Adult Care Food Program

7. The threshold for distinguishing Types A and B programs were as follows:
 - Type A**-\$750,000 or more of federal awards expended.
 - Type B**-Any program that does not meet the threshold of Type A programs.
8. For the period ended September 30, 2020, the Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated was determined not to be a low-risk auditee.

**Family Day Care Home Program Of Nutrition Healthy Choice Of Monroe, Incorporated
Schedule Of Findings And Questioned Costs Year Ended September 30, 2020 (continued)**

FINDINGS-FINANCIAL STATEMENTS AUDIT

2020-1 Inter Fund Transfers

Criteria:	The Organization must implement procedures to ensure that reconciliations between subsidiary ledgers and the general ledger for inter fund transfers are performed.
Cause:	When the state funds were delayed, the Family Day Care Home Program would transfer funds from the General Fund. Once the state funds were received, the Family Day Care Home Program would transfer the funds back to the General Fund. However, proper accounting was not in place to ensure accurate tracking of inter fund transfers. As a result, the General Fund owed the Family Day Care Home Program \$99,144 for the year ended September 30, 2020.
Condition:	There were no procedures in place to ensure the reconciliations between subsidiary ledgers and the general ledger were completed.
Effect:	The General Fund owed the Family Day Care Home Program \$99,144.
Recommendation:	Subsidiary ledgers should be established to track funds transferred between accounts to ensure accurate balances are maintained.
Management's response and Planned corrective action:	<i>Management agrees to adhere to recommendation. Subsidiary ledgers will be established. The Organization has hired an experienced accountant to assist in the day-to-day accounting department. The accountant will be tasked with the responsibility to track the accuracy of inter fund transactions.</i>

**Family Day Care Home Program Of Nutrition Healthy Choice Of Monroe, Incorporated
Schedule Of Findings And Questioned Costs Year Ended September 30, 2020 (continued)**

FINDINGS-FEDERAL AWARDS

2020-1 Inter Fund Transfers

Criteria:	The Organization must implement procedures to ensure that reconciliations between subsidiary ledgers and the general ledger for inter fund transfers are performed.
Cause:	When the state funds were delayed, the Family Day Care Home Program would transfer funds from the General Fund. Once the state funds were received, the Family Day Care Home Program would transfer the funds back to the General Fund. However, proper accounting was not in place to ensure accurate tracking of inter fund transfers. As a result, the General Fund owed the Family Day Care Home Program \$99,144 for the year ended September 30, 2020.
Condition:	There were no procedures in place to ensure the reconciliations between subsidiary ledgers and the general ledger were completed.
Effect:	The General Fund owed the Family Day Care Home Program \$99,144.
Recommendation:	Subsidiary ledgers should be established to track funds transferred between accounts to ensure accurate balances are maintained.
Management's response and Planned corrective action:	<i>Management agrees to adhere to recommendation. Subsidiary ledgers will be established. The Organization has hired an experienced accountant to assist in the day-to-day accounting department. The accountant will be tasked with the responsibility to track the accuracy of inter fund transactions.</i>

QUESTIONED COSTS: There were no questioned cost.

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

**SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED SEPTEMBER 30, 2020**

FINDINGS-FINANCIAL STATEMENTS AUDIT

2019-1 Payroll Taxes Not Paid Timely (Repeat Finding)

- Criteria:** Federal and state laws require the timely filing and payment of payroll taxes.
- Cause:** Federal and state payroll taxes were not paid timely.
- Condition:** Federal and state payroll taxes were not paid timely.
- Effect:** The Organization has incurred penalties and interest by failing to pay federal and state payroll taxes in a timely manner.
- Recommendation:** The Organization should retain the services of a payroll processing company such as ADP, QuickBooks or Payroll Plus to provide payroll services. These companies will provide the expertise to ensure timely filing and payment of payroll tax liabilities.

STATUS: CLEARED

2019-2 Inadequate Segregation of Duties

- Criteria:** Adequate segregation of duties reduces the risks that errors or irregularities will not be prevented or detected on a timely basis by employees in the normal course of business.
- Cause:** The Organization is understaffed in the accounting department.
- Condition:** The treasurer handles primarily all financial transactions for the administrative budget.
- Effect:** Inadequate segregation of duties create risks that errors or irregularities will not be prevented or detected on a timely basis by employees in the normal course of business.
- Recommendation:** The Organization should increase its staffing in the accounting department and segregate the duties of the accounting staff to minimize the risks that errors or irregularities will not be prevented or detected on a timely basis by employees in the normal course of business.

STATUS: CLEARED

Family Day Care Home Program Of Nutrition Healthy Choice Of Monroe, Incorporated
Schedule of Prior Year Findings
Year Ended September 30, 2020 (continued)

2019-3 Temporary Deferment of Serious Deficiency Determination

Criteria: The Organization is required to properly monitor providers and maintain adequate records and documentation.

Cause: During the monitoring review on May 13-17, 2019 and May 23, 2019 conducted by the Louisiana State of Louisiana Department of Education, the Organization was cited for failing to meet facility monitoring requirements in accordance with the approved application agreement and to maintain adequate records and documentation.

Condition: The Organization was cited for eight monitoring and inadequate deficiencies by the Louisiana Department of Education.

Effect: The Organization is currently in a status of deferment of serious deficiency determination.

Recommendation: The Organization should adhere to its corrective action plan which was submitted to the Louisiana Department of Education to ensure that it remains in compliance with the facility monitoring requirements in accordance with the approved application agreement and to maintain adequate records and documentation.

STATUS: **CLEARED**

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

Schedule 8

Schedule of Key Compensated Officers
As of and for the Year Ended September 30, 2020

Job Title	<u>Dorothy H Patterson</u> Executive Director	<u>Johnny B Patterson</u> Financial Officer
Salary	\$ 108,400	\$ 91,228
Benefits-Insurance	1,200	1,200
Benefits-Retirement	-	-
Other Benefits	-	-
Car Allowance	-	-
Vehicle provided by Government	-	-
Per Diem	-	-
Reimbursements	-	-
Travel	3,292	-
Registration Fees	-	-
Conference Travel	-	-
Continuing Professional Education Fees	-	-
Housing	-	-
Unvouchered Expenses	-	-
Special Meals	-	-
Total Compensation	\$ 112,892	\$ 92,428

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

FAMILY DAY CARE HOME PROGRAM
OF
NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED
Schedule of Board Members

For the Year Ended
September 30, 2020

Board Member	Title	Location
Dorthea Bridges	Chairman	Monroe, Louisiana
Johnny Patterson	Secretary/Treasurer	Monroe, Louisiana
Georgette C. Davis	Board Member	Monroe, Louisiana
Rodney Williams	Board Member	Monroe, Louisiana
Garnesha Beck	Board Member	Shreveport, Louisiana

Nutrition Healthy Choice

Of Monroe, Incorporated

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Shreveport, Louisiana 71105
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Fax: (318) 388-8718

July 14, 2021

Subject: FY 2020 -Findings and Corrective Action Plan

Management Response to Finding and Corrective Action Plan

2020-1 Inter Fund Transfers

- Criteria:** The Organization must implement procedures to ensure that reconciliations between subsidiary ledgers and the general ledger for inter fund transfers are performed.
- Cause:** When the state funds were delayed, the Family Day Care Home Program would transfer funds from the General Fund. Once the state funds were received, the Family Day Care Home Program would transfer the funds back to the General Fund. However, proper accounting was not in place to ensure accurate tracking of inter fund transfers. As a result, the General Fund owed the Family Day Care Home Program \$99,144 for the year ended September 30, 2020.
- Condition:** There were no procedures in place to ensure the reconciliations between subsidiary ledgers and the general ledger were completed.
- Effect:** The General Fund owed the Family Day Care Home Program \$99,144.
- Recommendation:** Subsidiary ledgers should be established to track funds transferred between accounts to ensure accurate balances are maintained.
- Management's response and Planned corrective action:** *Management agrees to adhere to recommendation. Subsidiary ledgers will be established. The Organization has hired an experienced accountant to assist in the day-to-day accounting department. The accountant will be tasked with the responsibility to track the accuracy of inter fund transactions.*

Nutrition Healthy Choice has provided this plan of action to the Louisiana Department of Education plus evidence of its implementation.



Johnny Patterson, Secretary/Treasurer

July 14, 2021