REGIONAL NUTRITION ASSISTANCE, INC.

Scott, Louisiana

Financial Report

Year Ended September 30, 2017

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KOLDER, SLAVEN & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Brad E. Kolder, CPA, JD*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA

* A Professional Accounting Corporation

183 S. Beadle Rd.
Lafayette, LA 70508
Phone (337) 232-4141

11929 Bricksome Ave.
Baton Rouge, LA 70816
Phone (225) 293-8300

1428 Metro Dr.
Alexandria, LA 71301
Phone (318) 442-4421

450 E. Main St.
New Iberia, LA 70560
Phone (337) 367-9204

200 S. Main St.
Abbeville, LA 70510
Phone (337) 893-7944

1234 David Dr. Ste. 203
Morgan City, LA 70380
Phone (985) 384-2020

434 E. Main St.
Ville Platte, LA 70586
Phone (337) 363-2792

332 W. Sixth Ave.
Oberlin, LA 70655
Phone (337) 639-4737

WWW.KCSRCPAS.COM

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Regional Nutrition Assistance, Inc.
Scott, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Regional Nutrition Assistance, Inc. (a nonprofit organization) (the Organization), which comprise the statement of financial position as of September 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2017, 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

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, as required by Title 2 U.S. *Code of Federal Regulations* 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. 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 statement 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 14 is presented for purposes of additional analysis and is not a required part of the financial statements. This information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2018 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
February 9, 2017

FINANCIAL STATEMENTS

REGIONAL NUTRITION ASSISTANCE, INC.
Scott, Louisiana

Statement of Financial Position
September 30, 2017

ASSETS

Current assets:	
Cash and cash equivalents:	
Administrative	$ 23,095
General	1,034
Due from Department of Education	1,612,882
Total current assets	1,637,011
Non-current assets:	
Furniture and equipment	64,197
Accumulated depreciation	(41,190)
Security deposits	1,079
Total non-current assets	24,086
Total assets	$ 1,661,097

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts Payable	$ 7,036
Payroll and related liabilities	67,512
Due to providers	1,580,382
Total current liabilities	1,654,930
Net assets:	
Unrestricted	6,167
Total liabilities and net assets	$ 1,661,097

The accompanying notes are an integral part of this statement.

REGIONAL NUTRITION ASSISTANCE, INC.
Scott, Louisiana

Statement of Activities
For The Year Ended September 30, 2017

	Unrestricted	Temporarily Restricted	Total
Revenues, Gains and Other Support			
Fundraising	$ 55,194	$ -	$ 55,194
Reimbursements:			
Administrative	1,386,593	-	1,386,593
Program	-	9,359,179	9,359,179
Net assets released from restrictions -			
Restrictions satisfied by payments	9,359,179	(9,359,179)	-
Total revenues, gains and other support	10,800,966	-	10,800,966
Expenses -			
Program services	10,400,267	-	10,400,267
Supporting services:			
Management and general	426,041	-	426,041
Total expenses	10,826,308	-	10,826,308
Change in net assets	(25,342)	-	(25,342)
Net assets, beginning	31,509	-	31,509
Net assets, ending	$ 6,167	$ -	$ 6,167

The accompanying notes are an integral part of this statement.

REGIONAL NUTRITION ASSISTANCE, INC.
Scott, Louisiana

Statement of Cash Flows
For The Year Ended September 30, 2017

Cash flows from operating activities:	
Change in net assets	$ (25,342)
Adjustments to reconcile change in net assets to net cash flow from operating activities -	
Depreciation	3,911
(Increase) decrease in operating assets -	
Due to Department of Education	(865,885)
(Decrease) increase in operating liabilities -	
Accounts payable	(2,283)
Payroll related liabilities	3,365
Due to providers	854,815
Total adjustments	(6,077)
Net cash used by operating activities	(31,419)
Cash flows from investing activities:	
Purchase of property and equipment	(4,460)
Change in cash and cash equivalents	(35,879)
Cash and cash equivalents, beginning of year	60,008
Cash and cash equivalents, end of year:	
Administrative	23,095
General	1,034
Total	$ 24,129

The accompanying notes are an integral part of this statement.

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Regional Nutrition Assistance, Inc. (hereafter referred to as the Organization) operates a Family Day Care Home Program under the Child and Adult Care Food Program, Section 17 of the Richard B. Russell National School Lunch Act. Under the provisions of this program, individuals who care for a small number of children in their homes are reimbursed for the costs of meals served to the children. The Organization monitors the composition of the meals to assure nutritional values, makes routine inspections of the homes to assure safety of the children who stay there, and acts as intermediary between the state and federal agencies who administer funds and the providers who care for the children. This program is funded totally by federal funds received from the State of Louisiana Department of Education and is the primary source of the Organization's revenues.

B. Use of Estimates

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

C. Financial Statement Presentation

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

D. Basis of Accounting

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

E. Cash and Cash Equivalents

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

F. Receivables

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

G. Revenue Recognition

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

H. Inventory

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

I. Income Tax Status

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. In addition, the Organization has been determined, by the Internal Revenue Service, not to be a private foundation within the meaning of Section 509(a) of the code. The Organization received its latest determination letter on March 26, 1997, in which the Internal Revenue Service stated that the Organization was in compliance with the applicable requirements of the Internal Revenue Code (IRC). Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has undertaken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded that there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audit by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

J. Property and Equipment

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

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

K. Support and Expenses

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

L. Advertising Costs

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense was $10,451.

M. Functional Allocation of Expenses

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

N. Donated Services and Materials

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

(2) Concentration of Credit Risk

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

(3) Capital Assets

The following is a summary of furniture and equipment and the corresponding accumulated depreciation:

	Beginning Balance	Additions	Deletions	Ending Balance
Furniture and equipment	$ 59,737	$ 4,460	$ -	$ 64,197
Less: Accumulated depreciation	(37,279)	(3,911)	-	(41,190)
Net furniture and equipment	$ 22,458	$ 549	$ -	$ 23,007

Depreciation expense in the amount of $3,911 was charged to supporting services.

(4) Retirement Plan

Effective October 2010, the Organization began offering participation in a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) to employees who meet predetermined eligibility requirements. The Organization will match up to 3 percent of eligible employees' compensation for the calendar year to a SIMPLE IRA. The Organization's contribution was $37,070.

(5) Operating Lease

The Organization is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, therefore the results of these agreements are not reflected in property and equipment.

The Organization conducts its operations from a facility that is leased under a seven-year noncancelable operating lease expiring in August 2020. There is an option to renew the lease for 2 additional three year periods at an increased monthly rental. Rental expense for the facility amounted to $84,000. In addition, the Organization is leasing a copier under a five-year noncancelable lease, expiring in December 2020. Rental expense for the copier amounted to $20,498.

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

Year Ending	Amounts
2018	$100,913
2019	100,908
2020	93,908
2021	4,227
Total minimum payments required	$299,956

(6) Risk Management

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

(7) Commitments and Contingencies

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

(8) Concentrations

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

(9) Subsequent Events

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

(10) Executive Director Compensation

The schedule of compensation, benefits, and other payments to Brian Desormeaux, Executive Director follows:

Purpose	Amount
Salary	$ 120,408
Retirement	7,500
Health Insurance	5,041
Travel	10,944
Total	$ 143,893

(11) Recent Accounting Pronouncements

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

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

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

OTHER SUPPLEMENTARY INFORMATION

REGIONAL NUTRITION ASSISTANCE, INC.
Scott, Louisiana

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

	Program Services	Management and General	Total Expenses
Advertising	$ -	$ 10,451	$ 10,451
Insurance	-	13,116	13,116
Loss on disposal	-	-	-
Minute Menu	39,493	-	39,493
Miscellaneous	-	67,305	67,305
Office rent	-	84,000	84,000
Office and supplies	-	64,730	64,730
Postage and printing	-	31,522	31,522
Professional fees	-	4,350	4,350
Provider payments	9,359,179	-	9,359,179
Salaries and benefits	922,067	120,408	1,042,475
Taxes - payroll	-	-	-
Telephone	-	4,513	4,513
Training/conference	79,528	-	79,528
Utilities	-	21,735	21,735
Total expenses before depreciation	10,400,267	422,130	10,822,397
Depreciation	-	3,911	3,911
Total	$ 10,400,267	$ 426,041	$ 10,826,308

INTERNAL CONTROL,
COMPLIANCE
AND
OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
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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
Regional Nutrition Assistance, Inc.
Scott, 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 Regional Nutrition Assistance, Inc. (a nonprofit organization) (the Organization), which comprise the statement of financial position as of September 30, 2017 and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 9, 2018.

Internal Control Over Financial Reporting

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, 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*.

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
February 9, 2018

KOLDER, SLAVEN & COMPANY, LLC

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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
Regional Nutrition Assistance, Inc.
Scott, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the Regional Nutrition Assistance, Inc.'s (the Organization) 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 Organization's major federal programs for the year ended September 30, 2017. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the 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 Organization'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 Organization'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 each major federal program. However, our audit does not provide a legal determination on the Organization's compliance.

Opinion on Compliance for Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the 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, 2017.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization'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 Organization's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 the 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 the 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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
February 9, 2018

Regional Nutrition Assistance, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2017

Federal Grantor/Pass-Through Grantor/Program Name	CFDA Number	Pass - Through Identifying No.	Expenditures
United States Department of Agriculture-			
Passed through the Louisiana Department of Education			
Child and Adult Care Food Program	10.558	N/A	$ 10,745,772

REGIONAL NUTRITION ASSISTANCE, INC.
Scott, Louisiana

Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2017

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Regional Nutrition Assistance, Inc (the Organization). The Organization reporting entity is defined in Note 1 to the basic financial statements for the year ended September 30, 2017. All federal financial assistance received directly from federal agencies is included on the schedule as well as federal financial assistance passed through other government agencies.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the basic financial statements.

(3) Indirect Cost Rate

The Organization has elected to not use the 10% de minimis indirect cost rate.

REGIONAL NUTRITION ASSISTANCE, INC.
Scott, Louisiana

Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Part I. Summary of Auditors' Results:

1. An unmodified opinion was issued on the financial statements.

2. No significant deficiencies in internal control were disclosed by the audit of the basic financial statements.

3. No instances of noncompliance material to the financial statements which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed by the audit of the financial statements.

4. No significant deficiencies in internal control over the major program were disclosed by the audit of the basic financial statements.

5. An unmodified opinion was issued on compliance for the major programs.

6. The audit disclosed no findings required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance.

7. The major program was:

   United States Department of Agriculture:
   Child and Adult Care Food Program, CFDA 10.558

8. The dollar threshold used to distinguish between Type A and Type B programs was $750,000.

9. The auditee did not qualify as a low-risk auditee.

Part II. Findings which are required to be reported in accordance with generally accepted governmental auditing standards:

A. Internal Control Findings –

There were no internal control findings.

B. Compliance Findings –

There were no compliance findings.

Part III. Findings and questioned costs for major Federal awards which include audit findings as defined in 2 CFR section 200 of the Uniform Guidance:

There are no findings and questioned costs related to federal programs that are required to be reported under the above guidance.

REGIONAL NUTRITION ASSISTANCE, INC.
Scott, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended September 30, 2017

Part I. Current Year Findings and Management's Corrective Action Plan:

A. Internal Control Over Financial Reporting

There are no internal control findings to be reported.

B. Compliance

There are no compliance findings to be reported.

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

There were no internal control findings reported.

B. Compliance

There were no compliance findings reported.

REGIONAL NUTRITION ASSISTANCE, INC.
Scott, Louisiana

Agreed-Upon Procedures Report

Year Ended September 30, 2017

KOLDER, SLAVEN & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Brad E. Kolder, CPA, JD*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA

* A Professional Accounting Corporation

183 S. Beadle Rd.
Lafayette, LA 70508
Phone (337) 232-4141

11929 Bricksome Ave.
Baton Rouge, LA 70816
Phone (225) 293-8300

1428 Metro Dr.
Alexandria, LA 71301
Phone (318) 442-4421

450 E. Main St.
New Iberia, LA 70560
Phone (337) 367-9204

200 S. Main St.
Abbeville, LA 70510
Phone (337) 893-7944

1234 David Dr. Ste. 203
Morgan City, LA 70380
Phone (985) 384-2020

434 E. Main St.
Ville Platte, LA 70586
Phone (337) 363-2792

332 W. Sixth Ave.
Oberlin, LA 70655
Phone (337) 639-4737

WWW.KCSRCPAS.COM

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Regional Nutrition Assistance, Inc.,
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Regional Nutrition Assistance, Inc. (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2016 through September 30, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. We obtained the entity's written policies and procedures and reported whether those written policies and procedures address each of the following financial/business functions (or reported that the entity does not have any written policies and procedures), as applicable:

    a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

    b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

    c) ***Disbursements***, including processing, reviewing, and approving.

    d) ***Receipts***, including receiving, recording, and preparing deposits.

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

f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

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

h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

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

Board (or Finance Committee, if applicable)

2. We obtained and reviewed the board/committee minutes for the fiscal period, and:

   a) Reported whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

   b) Reported whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

      - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, reported whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, reported whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

   c) Reported whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Bank Reconciliations

3. We obtained a listing of client bank accounts from management and management's representation that the listing is complete.

4. Using the listing provided by management, we selected all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, we obtained bank statements and reconciliations for all months in the fiscal period and reported whether:

   a) Bank reconciliations have been prepared;

   b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

   c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Collections

5. We obtained a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

6. Using the listing provided by management, we selected all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). For each cash collection location selected:

   a) We obtained existing written documentation (e.g. insurance policy, policy manual, job description) and reported whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

   b) We obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and reported whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

   c) We selected the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

      - Using entity collection documentation, deposit slips, and bank statements, we traced daily collections to the deposit date on the corresponding bank statement and reported whether the deposits were made within one day of collection. If deposits were not made within one day of collection, reported the number of days from receipt to deposit for each day at each collection location.

      - Using sequentially numbered receipts, system reports, or other related collection documentation, we verified that daily cash collections are completely supported by documentation and report any exceptions.

7. We obtained existing written documentation (e.g. policy manual, written procedure) and reported whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. We obtained a listing of entity disbursements from management or, alternately, obtained the general ledger and sorted/filtered for entity disbursements. We obtained management's representation that the listing or general ledger population is complete.

9. Using the disbursement population from #8 above, we randomly selected 25 disbursements (or randomly selected disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. We obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and reported whether the supporting documentation for each transaction demonstrated that:

   a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

   b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

   c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), we reported whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), we reported whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

12. We inquired of management and observed whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and reported any exceptions. Alternately, if the checks are electronically printed on blank check stock, we reviewed entity documentation (electronic system control documentation) and reported whether the persons with signatory authority have system access to print checks.

13. If a signature stamp or signature machine is used, we inquired of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. We inquired of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. We reported any exceptions.

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

14. We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.

15. Using the listing prepared by management, we randomly selected 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year.

    We obtained the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. We selected the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

    a) We reported whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

    b) We reported whether finance charges and/or late fees were assessed on the selected statements.

16. Using the monthly statements or combined statements selected under #15 above, we obtained supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

    a) For each transaction, we reported whether the transaction is supported by:

        - An original itemized receipt (i.e., identifies precisely what was purchased)

        - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

        - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

    b) For each transaction, we compared the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and reported any exceptions.

    c) For each transaction, we compared the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and reported any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed).

Travel and Expense Reimbursement

17. We obtained from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, we obtained the general ledger and sorted/filtered for travel reimbursements. We obtained management's representation that the listing or general ledger is complete.

18. We obtained the entity's written policies related to travel and expense reimbursements. We compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and reported any amounts that exceed GSA rates.

19. Using the listing or general ledger from #17 above, we selected the three persons who incurred the most travel costs during the fiscal period. We obtained the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

    a) We compared expense documentation to written policies and reported whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, we compared to the GSA rates (#18 above) and reported each reimbursement that exceeded those rates.

    b) We reported whether each expense is supported by:

        - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

        - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

        - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

    c) We compared the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse).

    d) We reported whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

20. We obtained a listing of all contracts in effect during the fiscal period or, alternately, we obtained the general ledger and sorted/filtered for contract payments. We obtained management's representation that the listing or general ledger is complete.

21. Using the listing above, we selected the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). We obtained the related contracts and paid invoices and:

    a) We reported whether there is a formal/written contract that supports the services arrangement and the amount paid.

    b) We compared each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

        - If yes, we obtained/compared supporting contract documentation to legal requirements and reported whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).

        - If no, we obtained supporting contract documentation and reported whether the entity solicited quotes as a best practice.

    c) We reported whether the contract was amended. If so, we reported the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

    d) We selected the largest payment from each of the five contracts, obtained the supporting invoice, compared the invoice to the contract terms, and reported whether the invoice and related payment complied with the terms and conditions of the contract.

    e) We obtained/reviewed contract documentation and board minutes and reported whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Payroll and Personnel

22. We obtained a listing of employees (and elected officials, if applicable) with their related salaries, and obtained management's representation that the listing is complete. Randomly select five employees/officials, obtained their personnel files, and:

    a) Reviewed compensation paid to each employee during the fiscal period and reported whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

    b) Reviewed changes made to hourly pay rates/salaries during the fiscal period and reported whether those changes were approved in writing and in accordance with written policy.

23. We obtained attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, we randomly selected 25 employees/officials (or randomly selected one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

    a) Reported whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

b) Reported whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

c) Reported whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

24. We obtained from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, we selected the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtained the personnel files for the two employees/officials. We reported whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

25. We obtained supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. We reported whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, we obtained ethics compliance documentation from management and reported whether the entity maintained documentation to demonstrate that required ethics training was completed.

27. We inquired of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, we reviewed documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. We reported whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, we obtained supporting documentation from the entity, and reported whether State Bond Commission approval was obtained.

29. If the entity had outstanding debt during the fiscal period, we obtained supporting documentation from the entity and reported whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

30. If the entity had tax millages relating to debt service, we obtained supporting documentation and reported whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, we reported any millages that continue to be received for debt that has been paid off.

Other

31. We inquired of management whether the entity had any misappropriations of public funds or assets. If so, we obtained/reviewed supporting documentation and reported whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

32. We observed and reported whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

33. If we observed or otherwise identified any exceptions regarding management's representations in the procedures above, we reported the nature of each exception.

Findings:

No exceptions were found as a result of applying the procedures listed above except:

Written Policies:

Regional Nutrition Assistance, Inc. does not have written policies and procedures addressing budgeting.

Regional Nutrition Assistance, Inc. does not have written policies and procedures addressing purchasing.

Regional Nutrition Assistance, Inc. does not have written policies and procedures addressing disbursements.

Regional Nutrition Assistance, Inc. does not have written policies and procedures addressing contracting.

Disbursements:

Regional Nutrition Assistance, Inc. does not have written policies and procedures addressing whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Regional Nutrition Assistance, Inc. does not have written policies and procedures addressing whether persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Credit Cards/Debit Cards/Fuel Cards/P-Cards:

Monthly statements and supporting documentation were not reviewed and approved, in writing, by someone other than the approved card holder.

One transaction did not have an original itemized receipt.

One transaction did not have documentation of business/public purpose, therefore we were unable to compare the transaction with Article 7, Section 14 of the Louisiana Constitution.

Payroll/Personnel:

Regional Nutrition Assistance, Inc. did not submit the employee and employer portions of payroll taxes timely one time.

Management's Response:

Management of Regional Nutrition Assistance, Inc. concurs with the exceptions and are working to address the deficiencies identified.

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

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
February 9, 2018