

K & K PROVIDERS CORPORATION

Terrytown, Louisiana

FINANCIAL REPORT

SEPTEMBER 30, 2021

Roslyn J. Johnson, LLC
Certified Public Accountant

K & K PROVIDERS CORPORATION
Terrytown, Louisiana

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
K & K Providers, Inc.
1799 Stumpf Blvd
Terrytown, Louisiana 70056

I have reviewed the accompanying financial statements of **K & K Providers, Inc.** (a non-profit organization), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the **K & K Provider's** basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

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.

Accountant's Responsibility

My responsibility is to conduct the review in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

K & K PROVIDERS CORPORATION
Independent Accountant's Review Report
For the Year Ended September 30, 2021

Other Matters

Required Supplementary Information

The accompanying schedules on pages 11 and 12, and the schedule of Compensation, Benefits, and Other Payments to the Executive Officer as required by LRS 24:513 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the representation of management. I have reviewed the information and, based on my review, I am not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. I have not audited the other supplementary information and, accordingly, do not express an opinion on such information.

Roslyn J. Johnson, LLC

Baton Rouge, Louisiana
March 18, 2022

K & K PROVIDERS CORPORATION

**Statement of Financial Position
September 30, 2021**

ASSETS

Current Assets

Cash - restricted (note 2)	\$ 7,561.49
Cash - unrestricted (note 2)	136,616.81
Total Cash	<u>144,178.30</u>

Reimbursements receivable (note 3)	<u>16,214.26</u>
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Total Current Assets	<u><u>\$ 160,392.56</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Payroll taxes payable	\$ 1,019.50
Due to Providers (note 5)	10,796.26
Accrued interest payable (note 6)	4,796.00
Loans Payable (note 6)	<u>150,000.00</u>

Total Current Liabilities	<u>166,611.76</u>
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Net Assets

Without donor restrictions:	
Undesignated	(18,749.54)
With donor restrictions:	
Family Daycare Home Program	<u>12,530.34</u>
Total Net Assets	<u>(6,219.20)</u>

Total Liabilities and Net Assets	<u><u>\$ 160,392.56</u></u>
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See Independent Accountant's Review Report

K & K PROVIDERS CORPORATION

Statement of Activities

For the Year Ended September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Federal Financial Assistance through the Louisiana Department of Education:			
Administrative reimbursement		\$ 76,391.00	\$ 76,391.00
Program reimbursement		238,562.56	238,562.56
PPP loan forgiveness	\$ 13,500.00	-	13,500.00
EOCR reimbursements	-	11,299.49	11,299.49
Interest income	18.20	-	18.20
Other income	1,551.83	-	1,551.83
Net assets released from restrictions	326,253.05	(326,253.05)	-
	<u>341,323.08</u>	<u>-</u>	<u>341,323.08</u>
Total support and revenues			
Expenses			
Program Services:			
Meals served - Providers	238,562.56	-	238,562.56
EOCR provider payments	6,386.05	-	6,386.05
Supporting Services:			
Management and general	84,608.01	-	84,608.01
Interest expense	4,796.00	-	4,796.00
Contractual services	3,980.48	-	3,980.48
Operational services	15,308.14	-	15,308.14
	<u>353,641.24</u>	<u>-</u>	<u>353,641.24</u>
Total expenses			
Change in Net Assets	(12,318.16)	-	(12,318.16)
Net Assets - Beginning of Year - Restated	<u>(6,431.38)</u>	<u>12,530.34</u>	<u>6,098.96</u>
Net Assets - End of Year	<u>\$ (18,749.54)</u>	<u>\$ 12,530.34</u>	<u>\$ (6,219.20)</u>

See Independent Accountant's Review Report

K & K PROVIDERS CORPORATION

**Statement of Cash Flows
For the Year Ended September 30, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (12,318.16)
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Restatement of beginning net assets	(7,327.00)
Interest expense	4,896.00
(Increase) Decrease in Current Assets	
Accounts receivable	530.00
Reimbursement receivable	20,173.36
Increase (Decrease) in Current Liabilities	
Accounts payable	(467.70)
Payroll taxes payable	245.50
Due to providers	<u>(11,471.36)</u>
Net cash provided (used) in operating activities	<u>(5,739.36)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from loan forgiveness	(13,500.00)
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Net decrease in cash (19,239.36)

CASH AT BEGINNING OF YEAR 163,417.66

CASH AT END OF YEAR \$ 144,178.30

See Independent Accountant's Review Report

K & K PROVIDERS CORPORATION

**Schedule of Functional Expenses
For the Year Ended September 30, 2021**

	<u>Program Service Expenses</u>	<u>Supporting Services Expenses</u>	<u>Total</u>
EXPENSES			
Personal services		\$ 83,497.10	\$ 83,497.10
Travel		445.77	445.77
Insurance		665.14	665.14
Internet		518.59	518.59
Contract Costs		3,980.48	3,980.48
Telephone		1,314.06	1,314.06
Building rent		10,080.00	10,080.00
Interest expense		4,796.00	4,796.00
Office supplies		1,768.49	1,768.49
Fire Marshal		1,591.00	1,591.00
Miscellaneous		36.00	36.00
EOCR provider payments	\$ 6,386.05	-	6,386.05
Provider payments	238,562.56	-	238,562.56
Total expenses	<u>\$ 244,948.61</u>	<u>\$ 108,692.63</u>	<u>\$ 353,641.24</u>

See Independent Accountant's Review Report

K & K Providers Corporation

Notes to the Financial Statements
For the Year Ended September 30, 2021

Note 1 – Summary of Significant Accounting Policies

A. Organization

K & K Providers Corporation (the Organization) is a private agency located in Jefferson Parish, Louisiana and chartered under the laws of the State of Louisiana as a non-profit corporation. It was organized for the purpose of providing social services and other benefits to primarily low income, disabled, elderly or other disadvantaged residents of Jefferson and nearby parishes and to mobilize resources for the conduct of these efforts. It engages in the U. S. Department of Agriculture Food and Nutrition Services under 7 CFR Part 226, Child Care Food Program. Under the provisions of this Program, individuals who care for a small number of children in their homes are reimbursed for the cost of meals served to the children. **K & K Providers Corporation** through its personnel, monitors the composition of the meals to assure nutritional values, make routine inspections of the homes to assure safety of the children who stay there, and act as intermediary between the state and federal agencies that administer funds and the providers who care for the children. This Program is funded (96%) by federal funds received from the State of Louisiana Department of Education.

B. Basis of Accounting and Financial Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board's (FASB) Accounting Standard Codification (ASC) 958, *Not-for-Profit Entities*. Under FASB ACS 958, **the Organization** reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions include those net assets whose use by **the Organization** is not restricted by donors, even though their use may be limited in other respects, such as by contract or board designation. Net assets with donor restrictions are those net assets received with donor-imposed restrictions limiting **the Organization's** use of the assets. **The Organization's** net assets with donor restrictions at September 30, 2021 consist of donations received from Louisiana Department of Education to fund the Child and Adult Care Food Program.

C. Net Assets Released from Restrictions

Expiration of temporary restrictions of net assets (i.e., donor-stipulated purpose has been fulfilled and/or the stipulated time has elapsed) are reported as reclassifications between the applicable classes of net assets.

K & K PROVIDERS CORPORATION

Notes to the Financial Statements

For the year ended September 30, 2021

D. 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 amounts of revenues and expenses during the reporting period. Accordingly, actual results may differ from those estimates.

E. Reimbursements Receivable

Management deems all accounts receivable collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when the determination is made.

F. Functional Expenses

The cost of providing the program services and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

G. Equipment and Furniture

The Organization's equipment and furniture is expensed when purchased. No depreciation is calculated.

H. Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and comparable Louisiana law. Accordingly, no provision for income taxes has been made in these financial statements.

I. Statement of Cash Flows

The Organization is required to present a statement of cash flows. For purposes of the Statement of Cash Flows, **the Organization** considers all highly liquid debt investments purchased with a maturity of three months or less to be cash equivalents.

J. Liquidity Management

As of September 30, 2021, **the Organization** has financial assets of \$160,392.56 in cash, with \$7,561.49 subject to donor restrictions and a remaining balance of \$136,616.81 which could be made readily available within one year of the statement of financial position date to meet general expenditures. As a part of its liquidity management, the organization has a policy to structure its

K & K PROVIDERS CORPORATION

Notes to the Financial Statements

For the year ended September 30, 2021

financial assets to be made available as general expenditures, liabilities, and other obligations become due.

Note 2 - Cash

At September 30, 2021, **the Organization** has cash (book balances) totaling \$144,178.30, which are in noninterest-bearing demand accounts. The deposits are stated at cost, which approximate market and are fully secured by federal deposit insurance.

Note 3 – Reimbursements Receivables

Reimbursement receivable represents reimbursements due from the Louisiana Department of Education for meals served during the month of September 2021.

Provider Reimbursement Receivable	\$ 10,796.26
Administrative Reimbursement Receivable	<u>5,418.00</u>
Total Reimbursements Receivable	<u>\$ 16,214.26</u>

Note 4 – Due to Providers

Due to providers represents amounts owed to providers for the cost of meals served during the month of September 2021.

Note 5 – Concentration of Revenues

The Organization receives a large amount of its revenues from one major source, the Louisiana Department of Education. Revenue of the program is based on the number of meals served by providers to children at the approved meal rates. Meal rates are determined on July 1 of each year by the Louisiana Department of Education. Meals served and approved meal rates are reported in the *Schedule of Meals Served and Program Reimbursements*. The revenue from this source represents 96.0% of **the Organizations** total revenues during the year ended September 30, 2021.

Note 6 – Loans Payable

On July 21, 2020, the Organization received a \$150,000.00 loan from the U.S. Small Business Administration (SBA) authorized under Section 7(b) of the Small Business Act. Interest on the loan will accrue at the rate of 2.75% yearly. The balance of principal and interest will be payable over 30 years from the date of the loan. In March 2021, SBA extended first loan payment until 24 months from the date of the note, with interest continuing to accrue during the deferment period. At September 30, 2021, accrued interest on the loan was \$4,796.00.

On June 12, 2020, the Organization received a \$13,500.00 loan from Gulf Coast Bank and Trust Company under the Paycheck Protection Program (PPP) of the U. S. Small Business Administration (SBA). Interest on the loan is 1%. Management expect that this loan will be repaid by SBA within 12 months and that all expenditures paid from the loan proceeds will be approved as eligible for loan

K & K PROVIDERS CORPORATION

Notes to the Financial Statements
For the year ended September 30, 2021

forgiveness under the requirements of the PPP. On June 14, 2021, the loan principal of \$13,500 and \$137.62 in interest was forgiven by the SBA and the amount of \$13,500, was recorded as revenue on the Statement of Activities.

Note 7 – Emergency Operational Costs Reimbursements (EOCR)

The United States Department of Agriculture (USDA) established EOCR as a one-time program to reimburse Day Care Operators for losses during the early days of the COVID-19 National Public Health Emergency. This money is intended to help with the loss of Food Program funds in the early days of the Pandemic. The amount of funds receive \$11,299.48 is based on past claims.

Note 8 – Prior Period Adjustment

The Net Assets as of September 30, 2020, have been restated to reflect the correction of errors related to prior years recording of revenues. The effect of the restatement is as follows:

Net Assets, September 30, 2020 as previously Reported	\$ 13,425.96
Correct the recording of prior year revenue	<u>(7,327.00)</u>
Net Assets, September 30, 2021, as restated	<u>\$ 6,098.96</u>

Note 9 – Board of Directors

The management of **K & K Providers Corporation** is vested in a Board of Directors which consists of three members who serve without compensation.

Note 10 – Board Designation of Net Assets

At September 30, 2021, **the Organization’s** Board has not designated any portion of net assets for specific purposes.

Note 11– Subsequent Events

Management is required to evaluate events or transactions that may occur after the statement of financial position date for potential recognition or disclosure in the financial statements. Management performed such an evaluation through March 18, 2022, the date that the financial statements were available to issue, and noted no subsequent events or transactions that occurred after the statement of financial position date requiring recognition or disclosure.

SUPPLEMENTARY INFORMATION SCHEDULES

**FAMILY DAY CARE HOME PROGRAM
ADMINISTERED BY
K & K PROVIDERS CORPORATION**

**Schedule of Compensation, Benefits and Other Payments
to Executive Director
Year Ended September 30, 2021**

KENDRA NELSON, EXECUTIVE DIRECTOR

PURPOSE	AMOUNT
Salary	\$ 62,996.88
Benefits - Retirement	3,347.80
Benefits-Medicare	782.95
Travel	<u>445.77</u>
TOTAL	<u><u>\$ 67,573.40</u></u>

K & K PROVIDERS, INC.

Schedule of Meals Served and Program Reimbursement
Year Ended September 30, 2021

OCTOBER 1, 2020 TO JUNE 30, 2021	<u>BREAKFAST</u>	<u>LUNCH</u>	<u>SUPPLEMENT</u>	<u>SUPPER</u>	<u>TOTAL</u>
TIER 1					
Number of meals claimed	20,163	26,168	35,908	24,678	106,917
Less: Meals refunded by sponsor	0	0	0	0	
Net meals allowed	20,163	26,168	35,908	24,678	106,917
Reimbursement rate	1.3900	2.6100	0.7800	2.6100	
Reimbursement based on rate	\$ 28,026.57	\$ 68,298.48	\$ 28,008.24	\$ 64,409.58	\$ 188,742.87
JULY 1, 2021 TO SEPTEMBER 30, 2021	<u>BREAKFAST</u>	<u>LUNCH</u>	<u>SUPPLEMENT</u>	<u>SUPPER</u>	<u>TOTAL</u>
TIER 1					
Number of meals claimed	4,540	7,647	9,229	6,142	27,558
Less: Meals refunded by sponsor	0	0	0	0	
Net meals allowed	4,540	7,647	9,229	6,142	27,558
Reimbursement rate	1.4000	2.6300	0.7800	2.6300	
Reimbursement based on rate	\$ 6,356.00	\$ 20,111.61	\$ 7,198.62	\$ 16,153.46	\$ 49,819.69
TOTAL MEALS CLAIMED	24,703	33,815	45,137	30,820	134,475
TOTAL NET MEALS ALLOWED	24,703	33,815	45,137	30,820	134,475
PROGRAM REIMBURSEMENT CLAIMED	\$ 34,382.57	\$ 88,410.09	\$ 35,206.86	\$ 80,563.04	\$ 238,562.56
PROGRAM REIMBURSEMENT ALLOWED	\$ 34,382.57	\$ 88,410.09	\$ 35,206.86	\$ 80,563.04	\$ 238,562.56
MEALS OVERCLAIMED AND REFUNDED TO LDOE					<u><u>NONE</u></u>

K & K PROVIDERS CORPORATION
Schedule of Findings and Questioned Costs
Year Ended September 30, 2021

SECTION I - SUMMARY OF INDEPENDENT ACCOUNTANT'S RESULTS

Not Applicable

SECTION II - FINDINGS - FINANCIAL STATEMENT

Not Applicable

SECTION III - FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS

Not Applicable

SECTION IV - MANAGEMENT LETTER

Not Applicable

K & K PROVIDERS CORPORATION
Summary of Prior Year Findings and Questioned Costs
Year Ended September 30, 2021

No findings or questioned costs for the year ended September 30, 2020.