

**CHILDREN AND NUTRITION, INC.**  
Crowley, Louisiana

Financial Report

Year Ended September 30, 2023

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Children and Nutrition, Inc.,  
Crowley, Louisiana

### **Opinion**

We have audited the accompanying financial statements of Children and Nutrition, Inc., (a nonprofit organization) which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Children and Nutrition, Inc., as of September 30, 2023, 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.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Children and Nutrition, Inc., and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Children and Nutrition, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Children and Nutrition, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Children and Nutrition, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## **Report on Supplementary 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.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2024, 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 the report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control over financial reporting and compliance.

***Darnall, Sikes & Frederick***

A Corporation of Certified Public Accountants

Eunice, Louisiana

February 14, 2024

CHILDREN AND NUTRITION, INC.,

Statement of Financial Position  
September 30, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents:

Administrative \$ 15,360

General 9,413

Due from Department of Education 239,387

Total current assets 264,160

PROPERTY AND EQUIPMENT, net 1,231

NON-CURRENT ASSETS

Security deposits 500

TOTAL ASSETS \$ 265,891

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Payroll and related liabilities \$ 2,748

Due to providers 231,050

Total current liabilities 233,798

NET ASSETS

Without donor restrictions 32,093

TOTAL LIABILITIES AND NET ASSETS \$ 265,891

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

CHILDREN AND NUTRITION, INC.,

Statement of Activities  
Year Ended September 30, 2023

REVENUES, GAINS AND OTHER SUPPORT	
Fundraising	\$ 3,759
Reimbursements:	
Administrative	284,502
Program	1,440,198
Other income	<u>3,007</u>
Total revenue, gains and other support	<u>1,731,466</u>
EXPENSES	
Program services	1,606,304
Supporting services:	
Management and general	<u>143,994</u>
Total expenses	<u>1,750,298</u>
CHANGE IN NET ASSETS	(18,832)
NET ASSETS, BEGINNING OF YEAR	<u>50,925</u>
NET ASSETS, END OF YEAR	<u>\$ 32,093</u>

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

CHILDREN AND NUTRITION, INC.,

Statement of Functional Expenses  
Year Ended September 30, 2023

	Program Services	Management and General	Total Expenses
Insurance	\$ -	\$ 6,188	\$ 6,188
Depreciation	231	77	308
Miscellaneous	347	15,901	16,248
Office rent	13,500	4,500	18,000
Office and supplies	-	10,841	10,841
Postage and printing	5,155	1,718	6,873
Professional fees	-	19,850	19,850
Provider payments	1,441,532	-	1,441,532
Salaries and benefits	108,017	82,680	190,697
Taxes and license	370	-	370
Telephone	4,649	1,550	6,199
Travel - monitoring	30,435	-	30,435
Utilities	<u>2,068</u>	<u>689</u>	<u>2,757</u>
Total	<u>\$ 1,606,304</u>	<u>\$ 143,994</u>	<u>\$ 1,750,298</u>

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



CHILDREN AND NUTRITION, INC.,

Statement of Cash Flows  
Year Ended September 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (18,832)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	308
(Increase) decrease in operating assets :	
Due from Department of Education	(90,263)
(Decrease) increase in operating liabilities:	
Payroll related liabilities	(869)
Due to providers	109,748
Total adjustments	<u>18,924</u>
Net cash provided by operating activities	<u>92</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	<u>(1,539)</u>
Net cash used by investing activities	<u>(1,539)</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>26,220</u>
CASH AND CASH EQUIVALENTS, end of year	
Administrative	15,360
General	9,413
Total	<u>\$ 24,773</u>

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

## CHILDREN AND NUTRITION, INC.,

### Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Nature of Activities

Children and Nutrition, 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 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.

##### 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 August 9, 1993, 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.

##### Financial Statement Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Net assets without donor restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. Those net assets may be used at the discretion of the Organization's management and board of directors.

CHILDREN AND NUTRITION, INC.,

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations that will be met, either (1) by incurring expenses satisfying the restricted purpose (purpose restricted), and/or passage of time or other events (time restricted), or (2) will never expire (perpetual in nature). When the restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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.

Receivables

Receivables 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.

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
Buildings and improvements	15-20 years

Revenue and Expense Recognition

The organization recognizes revenues on the accrual basis of accounting. Expenses are recognized in the period incurred in accordance with the accrual basis of accounting.

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.

CHILDREN AND NUTRITION, INC.,

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

Expenses are summarized and categorized based on their function classification as either program or supporting services. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation based on time used for those functions.

Advertising Costs

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense was \$0.

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.

NOTE 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.

NOTE 3 RISK MANAGEMENT

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

NOTE 4 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.

CHILDREN AND NUTRITION, INC.,

Notes to Financial Statements

NOTE 5 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 revenue received is reported on the Statement of Activities as Reimbursements: Administrative and Program. The Organization does not expect that the support from this governmental agency will be lost in the near-term; however, a change in this funding could substantially affect the operations of the Organization.

NOTE 6 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through February 14, 2024, the date which the financial statements were available to be issued.

NOTE 7 EXECUTIVE DIRECTOR COMPENSATION

The schedule of compensation, benefits, and other payments to Rachel Felts, Executive Director follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 82,680
Benefits-FICA	6,423
Travel	12,379
Registration fees	<u>479</u>
Total	<u>\$ 101,961</u>

NOTE 8 LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available within one year of the balance sheet date for general expenditures are as follows:

<u>Purpose</u>	<u>Amount</u>
Cash and cash equivalents	\$ 24,773
Due from Department of Education	<u>239,387</u>
Total	<u>\$ 264,160</u>

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

**INTERNAL CONTROL,  
COMPLIANCE  
AND  
OTHER MATTERS**



**DARNALL SIKES  
& FREDERICK**

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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 Directors  
Children and Nutrition, Inc.  
Crowley, 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 Children and Nutrition, Inc. (a nonprofit organization) (the Organization), which comprise the statement of financial position as of September 30, 2023 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 14, 2024.

**Report on 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 as a basis for designing 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 our 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 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 or significant deficiencies may exist that have not been identified.

## **Report on 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 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.

## ***Darnall, Sikes & Frederick***

A Corporation of Certified Public Accountants

Eunice, Louisiana  
February 14, 2024





**DARNALL SIKES  
& FREDERICK**

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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  
Children and Nutrition, Inc.  
Crowley, Louisiana

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Children and Nutrition, Inc.'s (the Organization) compliance with the types of compliance requirements identified as subject to audit 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, 2023. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2023.

***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding amount other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Report on 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 material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

***Darnall, Sikes & Frederick***

A Corporation of Certified Public Accountants

Eunice, Louisiana  
February 14, 2024

CHILDREN AND NUTRITION, INC.,

Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2023

Federal Grantor/Pass-Through Grantor/Program Name	Assistance Listing 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	\$ <u>1,747,216</u>
			<u>\$ 1,747,216</u>

CHILDREN AND NUTRITION, INC.,

Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2023

(1) Basis of Presentation

The accompanying Schedule of Expenditures of federal Awards (the "Schedule") includes the federal award activity of the Children and Nutrition, Inc. (the Organization) under programs of the federal government for the year ended September 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 48 U.S. Code of Federal Regulations Part 200, Uniform Administrative requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

(2) Summary of Significant Accounting Policies

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 limited as to reimbursement.

(3) Indirect Cost Rate

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

CHILDREN AND NUTRITION, INC.,

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2023

Part I. Summary of Auditor's Results:

Financial Statements -

Type of auditor's report issued: Unmodified

Internal control over financial reporting

Material weakness(es) identified?  Yes  No  
Significant deficiencies identified?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

Federal Awards -

Type of auditor's report issued on compliance for major programs Unmodified

Internal control over major programs:

Material weakness(es) identified?  Yes  No  
Significant deficiencies identified?  Yes  None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance?  Yes  No

Major Programs -

Assistance Listing Number	Name of Federal Program or Cluster
10.558	Child and Adult Care Food Program

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

Auditee qualified as a low-risk auditee  Yes  No

CHILDREN AND NUTRITION, INC.,

Schedule of Findings and Questioned Costs (Continued)

For the Year Ended September 30, 2023

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

A. Internal Control Findings -  
None reported.

B. Compliance Findings -  
None reported.

Part III. Findings and questioned costs for major Federal awards which include audit findings as defined in 2CFR 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.

CHILDREN AND NUTRITION, INC.,  
Schedule of Current and Prior Year Audit Findings  
And Management's Corrective Action Plan  
For the Year Ended September 30, 2023

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 Findings -  
None reported.

Part II. Prior Year Findings:

A. Internal Control Over Financial Reporting

There were no control findings reported

B. Compliance

There were no compliance findings reported.





## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Governing Board of Children and Nutrition, Inc. (the "Organization") and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2022 through September 30, 2023. The Organization's management is responsible for those C/C areas identified in the SAUPs.

The Organization has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period October 1, 2022 through September 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

### ***1) Written Policies and Procedures***

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- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.  
Written policies and procedures were obtained and do address the functions noted above.
  - ii. ***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.  
Written policies and procedures were obtained and do address the functions noted above.
  - iii. ***Disbursements***, including processing, reviewing, and approving.  
Written policies and procedures were obtained and do address the functions noted above.

- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Written policies and procedures were obtained and do address the functions noted above.

- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

Written policies and procedures were obtained and do address the functions noted above.

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

Written policies and procedures were obtained and do address the functions noted above.

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

Written policies and procedures were obtained and do address the functions noted above.

- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

Written policies and procedures were obtained and do address the functions noted above.

- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

This section is not applicable. The Organization is a private non-profit entity, and ethics requirements do not apply to them.

- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Written policies and procedures were obtained and do address the functions noted above.

- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Written policies and procedures were obtained and do address the functions noted above.

- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

This section is not applicable. The Organization is a private non-profit entity, and sexual harassment requirements do not apply to them.

## 2) *Board or Finance Committee*

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- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.  
Obtained and inspected minutes of the board for the fiscal period noting that the board met at least quarterly in accordance with the Organization's policy.
  - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*  
The Organization reports on the not-for-profit accounting model. Observed that the minutes do include financial activity relating to public funds.
  - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.  
This section is not applicable. The Organization is a private non-profit entity.
  - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.  
This section is not applicable. The Organization did not have any findings in the prior year audit report.

## 3) *Bank Reconciliations*

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- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);  
Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date.

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Bank reconciliations do include evidence that a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.

- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions noted.

#### **4) Collections (excluding electronic funds transfers)**

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- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Obtained a listing of deposit sites for the fiscal period, and management provided representation that the listing is complete. Selected all deposit sites as there were less than 5.

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that

- i. Employees responsible for cash collections do not share cash drawers/registers;

Employees responsible for cash collections do not share cash drawers/registers.

- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

Employees responsible for collecting cash are not responsible for preparing/making bank deposits.

- iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

Employees responsible for collecting cash are not responsible for posting collection entries to the general ledger.

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

Employees responsible for reconciling cash collections the general ledger are not responsible for collecting cash.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

Employees who have access to cash are not covered by a bond or insurance policy for theft.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- i. Observe that receipts are sequentially pre-numbered.  
The Organization does not use sequentially pre-numbered receipts. All in-person collections are in the form of a money order. The stub from the money order collected is returned to the provider and serves as their receipt.
  - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.  
Traced supporting documentation to the deposit slips noting no exceptions.
  - iii. Trace the deposit slip total to the actual deposit per the bank statement.  
Traced the deposit slip totals to the actual deposit per the bank statement noting no exceptions.
  - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).  
Observed that the deposits were not made within one business day of receipt at the collection location.
  - v. Trace the actual deposit per the bank statement to the general ledger.  
Traced the actual deposits per the bank statement to the general ledger noting no exceptions.

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

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- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).  
Obtained a listing of locations that process payments for the fiscal period, and management provided representation that the listing is complete. Selected all locations that process payments as there were less than 5.
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;  
Observed written policies and procedures and observed that job duties are properly segregated regarding the functions noted above.
  - ii. At least two employees are involved in processing and approving payments to vendors;

Observed written policies and procedures and observed that job duties are properly segregated regarding the functions noted above.

- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

Observed written policies and procedures and observed that job duties are properly segregated regarding the functions noted above.

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

Observed written policies and procedures and observed that job duties are properly segregated regarding the functions noted above.

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

Observed written policies and procedures and observed that job duties are properly segregated regarding the functions noted above.

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

Observed that the disbursements matched the related original itemized invoice, and that supporting documentation indicates that deliverables on the invoice were received by the Organization.

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

Observed that the disbursement documentation included evidence of segregation of duties tested.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Observed that each electronic disbursement was approved by only those persons authorized to disburse funds per the Organization's policy and approved by the required number of authorized signers per the Organization's policy.

## **6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)**

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- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Obtained a listing of all active cards, including the card numbers and names of the persons who maintained possession of the cards, and management provided representation that the listing is complete.

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and

- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

Observed that there is evidence that the monthly statement and supporting documentation was reviewed and approved, in writing by someone other than the authorized card holder.

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

There were no finance charges and late fees assessed on the selected statements.

- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Each transaction was supported by an original itemized receipt that identifies what was purchased and written documentation of the business/public purpose. No meal charges tested.

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

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- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov));

Observed that approved reimbursement rates were no more than those established by the State of Louisiana or the U.S. General Services Administration.

- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

All reimbursements tested were transactions reimbursed using a per diem, and not actual costs.

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

Observed that each reimbursement is supported by documentation of the business/public purpose and other documentation required by written policy.

- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

## **8) Contracts**

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- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

Observed that the contracts were not required to be bid in accordance with Louisiana Public Bid Law.

- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

Observed that contracts were approved by the Board.

- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

There were no contracts amended.

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Randomly selected one payment from each of the contracts, and observed that the invoice and payment agreed to the terms and conditions of the contract.



## 9) Payroll and Personnel

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- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Obtained a listing of employees employed during the fiscal period, and management provided representation that the listing is complete. Randomly selected 5 employees, and agreed paid salaries to authorized salaries/pay rates in personnel files.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

Observed that all selected employees documented their daily attendance and leave.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

Observed that supervisors approved the attendance and leave of the selected employees.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

Observed that any leave accrued or taken during the pay period was reflected in the Organization's cumulative leave records.

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

Observed that the rate paid to the employees agree to the authorized salary/pay rate found within the personnel file.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

Management asserted that there were no employees or officials that received termination payments during the fiscal period.

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Management provided representation that employer and employee portions of third-party payroll related amounts have been paid, and any associated forms have been filed, by required deadlines.

## 10) Ethics

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This section is not applicable. The Organization is a private non-profit entity.

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
  - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
  - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

## 11) Debt Service

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- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Management asserted that there were no bonds/notes and other debt instruments issued during the fiscal period.

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Management asserted that there were no bonds/notes outstanding at the end of the fiscal period.

## 12) Fraud Notice

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- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

Management asserted that there were no misappropriations of public funds and assets during the fiscal period.

- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Observed that the Organization has posted on its premises the required notice. The Organization does not have a website.

### ***13) Information Technology Disaster Recovery/Business Continuity***

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- A. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**
- i. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.  
We performed the procedure and discussed the results with management.
  - ii. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.  
We performed the procedure and discussed the results with management.
  - iii. Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.  
We performed the procedure and discussed the results with management.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.  
Management asserted that there were no terminated employees during the fiscal period.

### ***14) Prevention of Sexual Harassment***

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This section is not applicable. The Organization is a private non-profit entity.

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).
- C. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
  - i. Number and percentage of public servants in the agency who have completed the training requirements;
  - ii. Number of sexual harassment complaints received by the agency;
  - iii. Number of complaints which resulted in a finding that sexual harassment occurred;

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

We were engaged by the Organization to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, 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.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended 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.

***Darnall, Sikes & Frederick***

A Corporation of Certified Public Accountants

Eunice, Louisiana

February 14, 2024



## Children and Nutrition, Inc.

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February 14, 2024

Darnell, Sikes & Frederick  
A Corporation of Certified Public Accountants  
Eunice, Louisiana

The following is management's response to exceptions noted in regard to the 2023 AUP report submitted for the Children and Nutrition, Inc.

### Collections

4C) Employees who have access to cash (cash/checks/money orders) are not covered by a bond or insurance policy for theft.

Response: A bond or insurance policy for all employees who have access to cash (cash/checks/money orders) will be obtained.

4Div) Observed that the deposits were not made within one business day of receipt at the collection location.

Response: Deposits will be made within one business day of receipt or if deposits are less than \$100 within one week of receipt.