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October 22, 2021

Board of Directors
Nutrition, Inc.
2506 Willobrook Parkway
Indianapolis, IN 46205

We have reviewed the audit report of Nutrition, Inc., which was opined upon by Bogdanoff Dages and Company, PC, Independent Public Accountants, for the period October 1, 2018 to September 30, 2019. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of Nutrition, Inc., as of September 30, 2019, and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the findings in the report on pages 24-25. Please see the Schedule of Findings and Questioned Costs for complete details related to the finding. Management's Corrective Action Plan appears on page 26.

The audit report is filed with this letter in our office as a matter of public record.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

NUTRITION, INC.
(A NON PROFIT ORGANIZATION)

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 and 2018

NUTRITION, INC.
(A NON PROFIT ORGANIZATION)

FOR THE YEARS ENDED SEPTEMBER 30, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Nutrition, Inc.
Indianapolis, IN

Report on the Financial Statements

We have audited the accompanying financial statements of Nutrition, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities and change in net assets and cash flows for the years 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 audits. We conducted our audits 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 audits 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 Nutrition, Inc.'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 Nutrition, Inc.'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 positions of Nutrition, Inc. as of September 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were 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 audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2020, on our consideration of Nutrition, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Nutrition, Inc.'s internal control over financial reporting and compliance.

Bogdanoff Dages and Co. P. C.

Bogdanoff Dages and Co., P. C.

Indianapolis, IN

December 24, 2020

NUTRITION, INC.
(A NON PROFIT ORGANIZATION)
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2019 AND 2018

ASSETS

	<u>2019</u>	<u>2018</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 35,098	\$ 23,721
Accounts receivable - CACFP	296,335	315,530
Office supply inventory - at cost	3,221	4,162
	334,654	343,413
TOTAL CURRENT ASSETS		
PROPERTY AND EQUIPMENT:		
Property and equipment	69,890	62,466
Less accumulated depreciation	(31,001)	(23,585)
Undepreciated cost	38,889	38,881
	38,889	38,881
TOTAL ASSETS	\$ 373,543	\$ 382,294

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable - providers	\$ 258,086	\$ 274,366
Accounts payable - trade	31,200	34,503
Credit cards payable	1,634	8,093
Lines of credit	25,000	11,193
	315,920	328,155
TOTAL CURRENT LIABILITIES	315,920	328,155
TOTAL LIABILITIES	315,920	328,155
NET ASSETS		
Net Assets without donor restrictions	57,623	54,139
	57,623	54,139
TOTAL NET ASSETS	57,623	54,139
TOTAL LIABILITIES AND NET ASSETS	\$ 373,543	\$ 382,294

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

NUTRITION, INC.
(A NON PROFIT ORGANIZATION)

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>2019</u>	<u>2018</u>
REVENUE AND SUPPORT:		
Program revenue - CACFP	\$ 3,951,586	\$ 3,732,216
Donations	6,403	5,233
Miscellaneous income	125	-
TOTAL REVENUE AND SUPPORT WITHOUT DONOR RESTRICTION	<u>3,958,114</u>	<u>3,737,449</u>
EXPENSES:		
Program costs - CACFP provider payments	3,449,925	3,273,480
Compensation	311,619	282,698
Payroll taxes	24,371	22,135
Leased equipment and software	6,847	7,765
Postage	790	223
Sub-contract labor	2,406	2,317
Communication	3,045	2,892
Office supplies	24,192	25,760
Printing and reproduction	3,546	3,664
Professional fees	34,493	29,425
Depreciation	11,194	9,296
Travel	6,712	6,656
Interest	832	739
Insurance	2,134	2,433
Education and training	18,600	10,042
Software; Minute Menu	30,493	28,449
Office rental and maintenance	21,450	21,042
Bank charges	1,981	1,624
Dues and subscriptions	-	325
TOTAL EXPENSES WITHOUT DONOR RESTRICTIONS	<u>3,954,630</u>	<u>3,730,965</u>
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	3,484	6,484
Net Assets without donor restrictions - beginning	<u>54,139</u>	<u>47,655</u>
Net Assets without donor restrictions - ending	<u>\$ 57,623</u>	<u>\$ 54,139</u>

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

NUTRITION, INC.
(A NON PROFIT ORGANIZATION)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 3,484	\$ 6,484
Adjustments to reconcile increases in net assets to net cash provided by operating activities:		
Depreciation	11,194	9,296
(Increase) decrease in operating assets:		
Accounts receivable - CACFP	19,195	(25,134)
Office Supplies Inventory	941	787
Increase (decrease) in operating liabilities:		
Accounts payable - providers	(16,280)	18,785
Accounts payable - trade	(3,303)	11,867
Food Reimbursement Liability	-	(7,183)
Total adjustments	<u>11,747</u>	<u>8,418</u>
Net cash provided (used) by operating activities	<u>15,231</u>	<u>14,902</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Equipment	<u>(11,201)</u>	<u>(14,023)</u>
Net cash provided (used) by investing activities	<u>(11,201)</u>	<u>(14,023)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings on credit cards	26,100	34,249
Repayment on credit cards	(32,559)	(30,189)
Borrowings on lines of credit	52,357	26,898
Repayment on lines of credit	<u>(38,550)</u>	<u>(20,207)</u>
Net cash provided by financing activities	<u>7,348</u>	<u>10,751</u>
Net increase in cash	11,378	11,630
Cash and cash equivalents balance at October 1	<u>23,721</u>	<u>12,091</u>
Cash and cash equivalents balance at September 30	<u>\$ 35,098</u>	<u>\$ 23,721</u>

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

NUTRITION, INC.
(A NON PROFIT ORGANIZATION)
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Nutrition, Inc. (the Organization) is a non profit corporation, operating in Indianapolis Indiana, assisting family day care homes and child care centers that participate in the Federal Child and Adult Care Food Program (CACFP) of the U.S. Department of Agriculture. Funds are passed through the Indiana Department of Education for eligible children under agreement 1490620.

Programs

Nutrition, Inc. is a sponsor in the Department of Agriculture's Child and Adult Care Food program, which flows through the Indiana Department of Education. A sponsor administers funds that are passed through to licensed day care providers in Indiana. Nutrition, Inc. also monitors the meals that are served to children for nutritional value and the eligibility of the children to meet the federal guidelines.

Income Tax Status

Nutrition, Inc. qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, the financial statements contain no provision for income taxes.

Generally accepted accounting principles in the United States require Nutrition, Inc. to examine its tax positions for uncertain positions. Nutrition, Inc. is not aware of any tax positions that are more likely than not to change in the next twelve months, or that would not sustain an examination by applicable taxing authorities Nutrition, Inc.'s policy is to recognize penalties and interest as incurred in its statement of activities as a component of operating expenses, and totaled \$-0- and \$-0- for September 30, 2019 and 2018, respectively.

Nutrition, Inc.'s federal and state income tax returns are subject to examination by the applicable tax authorities, generally for three years after the later of the original or extended due date.

NUTRITION, INC.
(A NON PROFIT ORGANIZATION)
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Donated Services

The value of donated services is not reflected in the accompanying financial statements since there are no objective basis available by which to measure the value of such services.

Accounts Receivable

Accounts receivable - CACFP is recorded at the amount Nutrition, Inc. expects to collect on balances outstanding at year-end. These funds are reimbursed by the federal government and are entirely collectable; therefore, establishing a delinquency policy is not deemed necessary. Management closely monitors outstanding balances and writes off, as of year end, all balances that have not been collected by the time the financial statements are issued. Federal regulations do not allow Nutrition, Inc. to charge interest on outstanding receivables.

Allowance for Bad Debts

Nutrition, Inc. uses the allowance for doubtful accounts method to record uncollected receivables. The allowance for doubtful accounts at September 30, 2019 and 2018 was \$-0-. The Organization incurred bad debts of \$-0- and \$-0- for 2019 and 2018, respectively.

Subsequent Events

Nutrition, Inc. has evaluated subsequent events through December 24, 2020, which is the date the financial statements were available to be issued. This evaluation determined that there was a subsequent event that requires disclosure. On May 11, 2020 Nutrition, Inc. received \$84,100 of funding from the Paychecks Protection Program (PPP) from the Small Business Administration (SBA). These funds are to be used according to the PPP guidelines or repaid by May 11, 2022 with 1% interest per annum. Nutrition, Inc. has applied for loan forgiveness in December 2020.

NUTRITION, INC.
(A NON PROFIT ORGANIZATION)
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Net Assets

These financial statements have been prepared in accordance with Financial Statements of Not-for-Profit Organizations. This requires, among other things, that the financial statements report the changes in and total of each of the net asset classes, based upon donor restrictions, as applicable. Net assets are to be classified as either without or with donor restrictions. The following class of net assets and a brief description is as follows:

Net Assets Without Donor Restrictions: These are not subject to usage restrictions based on donor-imposed requirements and include general assets and liabilities of Nutrition, Inc. These amounts also include previously restricted assets where restrictions were met or expired. The net assets without donor restrictions may be used freely at the direction of management to support Nutrition, Inc.'s purpose and operation. All Net Assets at September 30, 2019 and 2018 are considered without donor restrictions.

Net Assets With Donor Restrictions: These amounts are subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or based on a particular use. Restrictions may be met by the passage of time or by management's actions. Certain assets may be restricted in perpetuity. When a restriction expired, the amount was reclassified to without donor restrictions and reported in the statement of activities as net assets released from restrictions. There were no net assets with donor restrictions at September 30, 2019 and 2018.

Inventories

Inventory consists of office supplies and is stated at the lower of cost or market using the first in first out method.

Property and Equipment

Property and equipment are stated at cost or fair market value, if donated, and depreciated over the useful life of the asset, five to seven years, using the straight-

NUTRITION, INC.
(A NON PROFIT ORGANIZATION)
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Property and Equipment - Continued

line method. Management policy is to capitalize property and equipment with a useful life of more than one year and a cost of \$500 or greater. Routine maintenance and repairs are expensed as incurred. Depreciation expense for the years ended September 30, 2019 and 2018 was \$11,194 and \$9,296, respectively.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, Nutrition, Inc. considers all highly liquid instruments purchased with maturities of three months or less to be cash equivalents.

Use of Estimates

The process of preparing financial statements in conformity with U. S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Impairment of Long-Lived Assets

Each year, the Organization evaluates whether there has been an impairment that is other than temporary in any of its long-lived assets. Impairment in value is considered to have occurred when the undiscounted future net operating cash flows associated with the long-lived assets are not sufficient to cover the carrying value of the long-lived assets. If it is determined that impairment in value has occurred, the carrying value will be written down to the present value of the future operating cash flows to be generated by the long-lived assets. Management has concluded that no such impairment occurred during the year.

NUTRITION, INC.
(A NON PROFIT ORGANIZATION)
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Fair Value of Financial Instruments

The carrying value of cash, cash equivalents, receivables, inventory, and other liabilities approximate their estimated fair values as presented in the financial statements.

Advertising

Nutrition, Inc. expenses advertising production costs as they are incurred. Advertising expense for the years ending September 30, 2019 and 2018 was \$-0- and \$-0-, respectively.

NOTE 2 - ECONOMIC DEPENDENCY

Nutrition, Inc. receives approximately 99% and 99% of its revenue from the Indiana Department of Education (IDOE) who, in turn, receives funding from the U.S. Department of Agriculture. Should funding of the Child and Adult Care Food Program cease, Nutrition, Inc. would not be able to generate sufficient revenue to continue the Child and Adult Care Food Program. As of September 30, 2019 and 2018, \$296,335 and \$315,530 respectively was due from the Indiana Department of Education, which was subsequently received.

NOTE 3 - LINES OF CREDIT

During 2019 Nutrition, Inc. had three revolving credit agreements with banks. The original line of credit had a maximum credit limit of \$10,000. The interest rates was 17.99%. The balance at September 30, 2019 and 2018 were \$-0- and \$5,360 respectively. This line of credit was closed in November 2018.

The second line of credit has a maximum borrowing limit of \$25,000, which expired November 18, 2018. Interest rate was 7.50%. The balance owing at September 30, 2019 and 2018 was \$-0- and \$5,833, respectively.

In June 2018 Nutrition, Inc. opened a third line of credit with a credit limit of \$75,000. The balance owing at September 30, 2019 and 2018 was \$25,000 and \$-0-, respectively, the interest rate is prime rate plus 1.75% and unsecured.

NUTRITION, INC.
(A NON PROFIT ORGANIZATION)
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - LINES OF CREDIT - Continued

For the Statement of Cash Flow purposes, the borrowing and repayments on the lines of credit are reported as financing activities.

NOTE 4 - ECONOMIC CONCENTRATIONS

Nutrition, Inc. maintains its cash balance in three financial institutions located in Indianapolis, Indiana. The balances are insured up to \$250,000 by the Federal Deposit Insurance Corporation.

NOTE 5 - OPERATING LEASE

Nutrition, Inc. entered into a new lease for office space on October 1, 2019. The lease is for three years and the initial rent is \$1,930.50 per month plus common area maintenance. The rent increase \$178.75 per year for the subsequent years. Office rent was \$21,450 and \$21,042 for the years ended September 30, 2019 and 2018 respectively.

In April 2018 Nutrition, Inc. renewed an operating lease to rent a copier for \$546 per month plus print charges. The lease period is three years. The original lease was entered into in April 2012 with a monthly payment of \$303 and was for five years. The copier lease expense was \$6,847 and \$7,765 for the years ended September 30, 2019 and 2018, respectively. The copier lease was renewed on August 26, 2020.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of September 30, 2019 for each of the next three years are:

Year Ended	<u>Amount</u>
2020	\$ 7,428
2021	29,380
2022	29,678
2023 and Thereafter	<u>26,834</u>
Total minimum future rental payments	<u><u>\$ 93,320</u></u>

NUTRITION, INC.
(A NON PROFIT ORGANIZATION)
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - CONTRIBUTIONS

Contributions received are recorded as with or without donor restrictions net assets depending on the existence or nature of any donor restriction.

NOTE 7 - CASH FLOW

Interest paid in cash for the years ending September 30, 2019 and 2018 was \$832 and \$739, respectively.

Taxes paid in cash for the years ending September 30, 2019 and 2018 was \$-0- and \$-0-, respectively.

During the year ended September 30, 2019 Nutrition, Inc., disposed of office equipment with a historical cost of \$3,778 and accumulated depreciation of \$3,778, which resulted in a loss on disposal of \$-0-. This is a non cash activity.

NOTE 8 - RELATED PARTY TRANSACTIONS

Nutrition, Inc.'s computer and technology support is provided by the son of the executive director. The computer and support vendor was paid \$18,600 and \$7,500 for the years ended September 30, 2019 and 2018, respectively.

The Executive director contributed \$6,403 and \$5,233 to Nutrition, Inc. during the years ended September 30, 2019 and 2018, respectively.

Several relatives of the Executive Director are employees of Nutrition, Inc. During the years ended September 30, 2019 and 2018 these employees were paid \$114,628 and \$111,753 respectively.

NOTE 9 - CREDIT CARD

Nutrition, Inc. has a credit card. The credit card has a maximum borrowing limit of \$10,000. The interest rate at September 30, 2019 and 2018 was 11.99% and 11.74% respectively. The balance as of September 30, 2019 and 2018 was \$1,634 and \$8,093 respectively. For the Statement of Cash Flow purposes, the purchases and payments on the credit card are reported as financing activities. The credit card is unsecured.

NUTRITION, INC.
(A NON PROFIT ORGANIZATION)
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

NOTES TO FINANCIAL STATEMENTS

NOTE 10 - RECLASSIFICATION

Certain accounts in the 2018 financial statements have been reclassified for comparative purposes to conform to the presentation in the 2019 financial statements. Total assets, liabilities, net assets and net support are unchanged due to these classifications.

NOTE 11 - COMPENSATED ABSENCES

Compensated absences for sick pay and personal time have not been accrued since they cannot be reasonably estimated. Nutrition, Inc.'s policy is to recognize these costs when actually paid.

NOTE 12 – LIQUIDITY MANAGEMENT

Nutrition, Inc.'s liquidity management consists of the following quantitative and qualitative measurements:

Quantitative Measurement – Nutrition, Inc.'s resources available for general use within one year at September 30, 2019 and 2018 were:

	2019	2018
Financial assets	\$ 334,654	\$ 343,413
Not available within one year	(3,221)	(4,162)
Less current obligations	(315,920)	(328,155)
Financial assets available for general use within one year	\$ 15,513	\$ 11,096

Qualitative Measurement – Nutrition, Inc.'s receives a significant amount of its support through United States Department of Agriculture Child and Adult Care Food Program. These funds are made available on a monthly basis, and no funds are released for future periods. Thus, no funds are held in reserve for future dates. In the course of business, management structures Nutrition, Inc.'s financial assets to be available as its general expenditures, liabilities, and other obligations come due, and endeavors to maintain cash balances equal to one week of annual operating expenses.

NUTRITION, INC.
(A NON PROFIT ORGANIZATION)
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

NOTES TO FINANCIAL STATEMENTS

NOTE 13 – CORONAVIRUS

In March 2020, the outbreak of COVID-19 (Coronavirus) was recognized as a pandemic by the World Health Organization, and the outbreak has become widespread in the United States. The outbreak has had a notable impact on general economic conditions with many unknown effects. Nutrition, Inc. continues to monitor the impact of the coronavirus outbreak closely. The extent to which the coronavirus outbreak will impact its operations or financial results is uncertain.

NUTRITION, INC.
(A NON PROFIT ORGANIZATION)

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



*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
Nutrition, Inc.
Indianapolis, IN

Report on Compliance for Each Major Federal Program

We have audited Nutrition, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Nutrition, Inc.'s major federal programs for the years ended September 30, 2019 and 2018. Nutrition, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with 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 Nutrition, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Nutrition, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Nutrition, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Nutrition, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended September 30, 2019 and 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2019-001. Our opinion on each major federal program is not modified with respect to these matters.

Nutrition, Inc.'s response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Nutrition, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of Nutrition, Inc. 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 Nutrition, Inc.'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 Nutrition, Inc.'s internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2019-001 that we consider to be significant deficiencies.

Nutrition, Inc.'s response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Nutrition, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Bogdanoff Dages and Co., P. C.

Bogdanoff Dages and Co., P. C.
Indianapolis, IN
December 24, 2020

NUTRITION, INC.
(A NON PROFIT ORGANIZATION)

*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*



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
Nutrition, Inc.
Indianapolis, IN

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 Nutrition, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2019 and 2018 and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 24, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Nutrition, Inc.'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Nutrition, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Nutrition, Inc.'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nutrition, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2019-001.

Nutrition, Inc.'s Response to Findings

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

Purpose of this Report

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

Bogdanoff Dages and Co., P. C.

Bogdanoff Dages and Co., P. C.
Indianapolis, IN
December 24, 2020

NUTRITION, INC.
(A NON PROFIT ORGANIZATION)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

NUTRITION, INC.
(A NON PROFIT ORGANIZATION)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

Section I-Summary of Auditor's Results.

Financial Statements

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Nutrition, Inc. were prepared in accordance with GAAP.
2. One significant deficiency was disclosed during the audit of the financial statements is reported in the 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. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Nutrition, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. One significant deficiency in internal control over major federal award programs disclosed during the audit is reported in the Independent Auditor's Report On Compliance For Each Major Program And On Internal Control Over Compliance Required By The Uniform Guidance. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for Nutrition, Inc. expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The program tested as major program was: The Child and Adult Care Food Program, CFDA # 10.558.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Nutrition, Inc. was not determined to be a low-risk auditee.

NUTRITION, INC.
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

Section II - Financial Statement Findings

2019-001

Condition: In order to comply with generally accepted accounting principles (GAAP) and *Government Auditing Standards* certain accounting and administrative responsibilities must be performed by one of two persons. One person has access to all books and records. Due to the size of Nutrition, Inc., proper segregation of duties cannot be achieved without the cost exceeding any benefit.

Criteria: Generally accepted accounting principles, and *Government Auditing Standards* requires management of Nutrition, Inc. to establish policies to safeguard assets.

Cause: Nutrition, Inc. lacks the size to adequately segregate duties.

Effect: Because of inherent limitations in any internal control system, errors, irregularities or instances of non-compliance may nevertheless occur and not be detected. Also, projection of any evaluation to future periods is subject to risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

Recommendation: No recommendation. Due to the size of Nutrition, Inc., and the makeup of the staff, proper segregation of duties cannot be achieved without the cost exceeding the benefit, at this moment in time.

Views of Responsible Officials and Planned Corrective Actions: The views of the management of Nutrition, Inc. are set out in the Corrective Action Plan.

NUTRITION, INC.
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

Section III - Findings and Questioned Costs – Major Award Program Audit

	<u>Questioned Costs</u>
Department of Agriculture, Child and Adult Care Food Program, CFDA # 10.558:	
2019-001	
<i>Significant Deficiency:</i> As discussed at Finding 2019-01, Lack of Segregation of Duties. Because of inherent limitations in any internal control system, errors, irregularities or instances of non-compliance may nevertheless occur and not be detected. Also, projection of any evaluation to future periods is subject to risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate. Nutrition, Inc. may consider training other staff members in accounting policies as well as compliance with Federal Awards Programs to provide an additional level of either preparation or review of financial statements, reports and federal awards program compliance.	<u>\$ -</u> <u>\$ -</u>

NUTRITION, INC.
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

Corrective Action Plan

Nutrition, Inc. respectively submits the following corrective action plan for the years ended September 30, 2019 and 2018.

The findings from the September 30, 2019 and 2018 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Findings Financial Statement Audit:

Significant Deficiency
2019-001

Currently the staff is in the process of developing a plan of action to, hopefully, eliminate the Segregation of Duties finding, which will take effect at such time that our business growth warrants and supports such an action.

NUTRITION, INC.
(A NON PROFIT ORGANIZATION)
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

The corrective actions taken by Nutrition, Inc. on the findings from the prior audit report dated June 12, 2019.

Finding Number 2018-001

Nutrition, Inc. was not segregating duties of accounting and administrative responsibilities for internal control purposes.

Status – Nutrition, Inc. has implemented some control procedures to segregate duties. See finding 2019-001

NUTRITION, INC.
(A NON PROFIT ORGANIZATION)

SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

NUTRITION, INC.
(A NON PROFIT ORGANIZATION)

SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

Federal Agency Department of Agriculture		2019				
		Pass Through Grantor Number	Expenditures			
CFDA Number	Number		From Pass Through Awards	From Direct Awards	Passed Through To Subrecipients	
<u>Federal Program</u>	<u>CFDA</u>	<u>Number</u>	<u>Number</u>	<u>Awards</u>	<u>Awards</u>	<u>Subrecipients</u>
Child and Adult Care Food Program via Indiana Department of Education	10.558	1490620	\$ 3,966,182	\$ -	\$ 3,466,206	

Federal Agency Department of Agriculture		2018				
		Pass Through Grantor Number	Expenditures			
CFDA Number	Number		From Pass Through Awards	From Direct Awards	Passed Through To Subrecipients	
<u>Program Title</u>	<u>CFDA</u>	<u>Number</u>	<u>Number</u>	<u>Awards</u>	<u>Awards</u>	<u>Subrecipients</u>
Child and Adult Care Food Program via Indiana Department of Education	10.558	1490620	\$ 3,711,441	\$ -	\$ 3,254,694	

The Accompanying notes are an integral part of this schedule.

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NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

Note A – Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal granting activity of Nutrition, Inc. and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Note B – Risk-Based Audits Approach

The dollar threshold used to distinguish between Type A and Type B programs is \$750,000. The Organization does not qualify as a low-risk auditee.

Note C – De Minimis

Nutrition, Inc. has not elected to use the 10-percent de minimis indirect cost rate as covered in section 200.414 of the Uniform Guidance.

Note D– Subrecipients

Of the federal expenditures presented in the schedule, Nutrition, Inc. provided federal awards to subrecipients of \$3,466,206 for 2019 and \$3,254,694 for 2018.