

**BALANCED NUTRITION, INC.**  
**FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT AUDITOR'S REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**BALANCED NUTRITION, INC.  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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## **Independent Auditor's Report**

To the Oversight Board of Directors  
Balanced Nutrition, Inc.  
Rockhill, NC 29730

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Balanced Nutrition, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 accompanying financial statements present fairly, in all material respects, the financial position of Balanced Nutrition, Inc. as of December 31, 2021, and the changes in its net assets and its cashflows for the year 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by Comptroller General of the United States. 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 the Balanced Nutrition, Inc. and 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 the Balanced Nutrition, Inc.'s ability to continue as a going concern for a period not exceeding one year from the date of issuance of financial statements.



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

Our objective 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 GAAS and *Government Audit 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgement 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 the Balanced 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Balanced 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.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 2, 2023, on our consideration of Balanced 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 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 Balanced Nutrition, Inc.'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 Balanced Nutrition, Inc.'s internal control over financial reporting and compliance.

*BAS Partners LLC*

Pembroke Pines, Florida  
January 2, 2023



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Balanced Nutrition, Inc.

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 Balanced Nutrition, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 January 2, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Balanced Nutrition, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Balanced Nutrition, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Balanced 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



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### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Balanced 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 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 Balanced Nutrition, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*BAS PARTNERS LLC*

Pembroke Pines, Florida  
January 2, 2023

**BALANCED NUTRITION, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2021**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<b>Current assets:</b>			
Cash and cash equivalents	\$ 3,120	-	\$ 3,120
<b>Total current assets</b>	3,120	-	3,120
<b>Total assets</b>	\$ 3,120	\$ -	\$ 3,120
<b>Liabilities and net assets:</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 28,312	-	\$ 28,312
<b>Total liabilities</b>	28,312	-	28,312
<b>Net assets:</b>			
Without Restrictions	(25,192)	-	(25,192)
With Restrictions	-	-	-
<b>Total net assets</b>	(25,192)	-	(25,192)
<b>Total liabilities and net assets</b>	\$ 3,120	\$ -	\$ 3,120

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



**BALANCED NUTRITION, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Without</u> <u>Restrictions</u>	<u>With</u> <u>Restrictions</u>	<u>Total</u>
<b>Support and revenue:</b>			
Grants and contracts	\$ 1,352,637	\$ -	\$ 1,352,637
Other income	-	-	-
<b>Total support and revenue</b>	<u>1,352,637</u>	<u>-</u>	<u>1,352,637</u>
Net assets released from restrictions	-	-	-
<b>Total support and revenue</b>	<u>1,352,637</u>	<u>-</u>	<u>1,352,637</u>
<b>Expenses:</b>			
<b>Program services</b>			
Child care services	1,373,641	-	1,373,641
Total program expenses	<u>1,373,641</u>	<u>-</u>	<u>1,373,641</u>
<b>Supporting services</b>			
Management and general	4,372	-	4,372
Fundraising	-	-	-
Total supporting services	<u>4,372</u>	<u>-</u>	<u>4,372</u>
Total expenses	<u>1,378,013</u>	<u>-</u>	<u>1,378,013</u>
<b>Change in net assets</b>	<u>(25,376)</u>	<u>-</u>	<u>(25,376)</u>
Net assets at beginning of year	184	-	184
Net assets at end of year	<u>\$ (25,192)</u>	<u>\$ -</u>	<u>\$ (25,192)</u>

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

**BALANCED NUTRITION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Child Care Services	Total program services	Management and General	Fundraising	Total supporting services	Total expense
Salaries and benefits	\$ 139,137	\$ 139,137	\$ 1,006	\$ -	\$ 1,006	\$ 140,143
Membership	-	-	123	-	123	123
Telephone	1,573	1,573	-	-	-	1,573
Occupancy	7,198	7,198	1,331	-	1,331	8,529
Office expense	4,418	4,418	1,661	-	1,661	6,079
Professional fees	70	70	-	-	-	70
Programs and services	1,217,407	1,217,407	-	-	-	1,218,052
Bank charges	1,321	1,321	-	-	-	1,321
Repairs and maintenance	700	700	-	-	-	700
Travel and training	758	758	-	-	-	758
Insurance	1,059	1,059	-	-	-	1,059
Postage	-	-	251	-	251	251
	<b>\$ 1,373,641</b>	<b>\$1,373,641</b>	<b>\$ 4,372</b>	<b>\$ -</b>	<b>\$ 4,372</b>	<b>\$ 1,378,013</b>

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

**BALANCED NUTRITION, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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**Cash flows from operating activities:**

Change in net assets \$ (25,376)

Adjustments to reconcile change in net assets to net cash provided by operating activities:

**Changes in operating assets and liabilities:**

Accounts payable 28,496

**Net cash provided by operating activities** 3,120

Change in cash and cash equivalents 3,120

Cash and cash equivalents at the beginning of year -

Cash and cash equivalents at end of year \$ 3,120

**Supplemental Disclosure of Cash Flow Information**

Cash paid during the period for interest \$ -

The accompanying notes are an integral part of these financial statement

**BALANCED NUTRITION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

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**Note 1 - Nature of Operations**

Balanced Nutrition, is a private non-profit organization established in the State of North Carolina. The organization's aim is to ensure that child care providers make most out of Child and Adult Care Food Program (CACFP). Balanced Nutrition, Inc. reimburses Childcare Centers and Homes for Nutritious meals they serve.

**Note 2 - Summary of Significant Accounting Policies**

The accounting and reporting policies of the Organization conform with United States generally accepted accounting principles (GAAP) as codified in the Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC).

The policies that materially affect the financial position and results of operation of the Organization are summarized as follows:

**Accounting Method**

The financial statements are prepared using the accrual basis of accounting, which recognizes revenue in the period earned and expenses when incurred.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) No. 958. Under FASB ASC No. 958-210-50-3, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

**Net Asset Without Donor Restrictions**

Net Assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

**Net Asset With Donor Restrictions**

Net assets with donor restrictions are resources that are restricted by donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

**BALANCED NUTRITION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Expenses by function have been allocated among program and supporting services classifications directly or on the basis of estimates made by the Organization's management. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

**Furniture and Equipment**

Fixed assets are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation if donated. Equipment is capitalized if it has a cost of \$1,000 or more and a useful life when acquired of more than one year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed using the straight line method over the estimated useful lives of the assets. Fixed assets are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements during the year ended December 31, 2021.

Estimated useful lives are as follows:

Office equipment	5 years
Vehicle	5 years

**BALANCED NUTRITION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Revenue Recognition**

***Contribution Revenue***

Funds received in cash, grants, and other assets are reported as contribution revenue at the time of donation. Contributions received with donor restrictions that limit the use of donated assets are recorded as net assets with restrictions revenue. When a donor restriction expires, a stipulation time restriction ends, or purpose restriction is accomplished, net assets with donor restriction are released and reclassified to net assets without donor restriction in the Statement of Activities. Donor-restricted contributions are initially reported in current year revenue if it is anticipated that such restrictions will be met in the current financial period.

**Concentration of Credit and Market Risk**

Cash balances are with one financial institution. The Federal Deposit Insurance Corporation insures the account balances at the financial institution up to \$250,000. As of December 31, 2021, cash balances at the financial institution did not exceed the federally insured limit. Balanced Nutrition, Inc. has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

The United States of America (USA), like the rest of the world has been experiencing a pandemic due to the outbreak of the Coronavirus (COVID-19). This has both economic and social impact on the USA, leading to millions losing their employment, result in the great level of unemployment. Management has not assessed the full impact of COVID-19 on the organization as a whole, but suspected that this may in the long-run affect the operations of the organization.

**Income Taxes**

The Organization is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt (unless that income is otherwise excluded by the IRC). Contributions to the Library are tax deductible to donors under Section 170 of the IRC. The organization is not classified as a private foundation. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The policy had no effect on the Organization's financial statements. Due to its tax-exempt status, the Organization is not subject to U.S. federal income tax or state income tax.

The Organization has not recognized a liability for unrecognized tax benefits as it has no known tax positions that would subject the Organization to any material income tax exposure. A reconciliation of the beginning and ending amount of unrecognized tax benefits and interest accrued related to unrecognized tax benefits are not included nor is there any interest accrued related to unrecognized tax benefits or interest expense and penalties in operating expenses as there are no unrecognized tax benefits.

**BALANCED NUTRITION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 3 - Fair Value Measurements**

The Organization reports its fair value measures of its assets and liabilities using a different using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The three levels of inputs used to measure fair value are as follows:

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the organization has access at measurement date.
- Level 2. Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
  - I. quoted prices for similar assets or liabilities in active markets;
  - II. quoted prices for identical or similar assets in markets that are not active;
  - III. observable inputs other than quoted prices for asset or liability (for example, interest rates and yield curves); and
  - IV. inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3. Unobservable inputs for asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

When available the organization measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. The primary use of fair value measures in the financial statements is the initial measurement of cash and cash equivalents .

**BALANCED NUTRITION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 4 - Liquidity**

The organization's financial assets available within one year for general expenditures as of December 31, 2021 is as follows:

Cash and cash equivalents	\$ 3,120
Grants receivable, net	<u>-</u>
Total financial assets	3,120
Less amounts not available to be used within one year:	
Donor restricted cash	<u>-</u>
Total financial assets not available to be used within one year	-
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 3,120</u></u>

**Note 5 - Operating Leases**

The organization has operating lease for its office space. The following is a schedule of future minimum rental schedule:

2022	\$ 5,220
2023	5,310
2024	2,700
2025	-
2026	-
Thereafter	<u>-</u>
<b>Total</b>	<u><u>\$ 13,230</u></u>

Rent expense at December 31, 2021 was \$5,198.



**BALANCED NUTRITION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 6 – Subsequent Events**

The Organization did not have any other subsequent events through January 2, 2023, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended December 31, 2021.

**COMPLIANCE SECTION  
FOR THE YEAR ENDED DECEMBER 31, 2021**



## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDE**

To the Board of Directors  
Balanced Nutrition, Inc.

### ***Opinion on Each Major State Program***

We have audited Balanced Nutrition Inc.'s 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 Balanced Nutrition Inc.'s major state programs for the year ended December 31, 2021. Balanced Nutrition Inc.'s major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Balanced 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 state programs for the year ended December 31, 2021.

### ***Basis for Opinion on Each Major State 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 State Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for State 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 Balanced Nutrition Inc. 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 state program. Our audit does not provide a legal determination of Balanced Nutrition Inc.'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 Balanced Nutrition Inc.'s state 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 Balanced Nutrition Inc.'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 Balanced Nutrition Inc.'s compliance with the requirements of each major state 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 Balanced Nutrition Inc.'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 Balanced Nutrition Inc.'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 Balanced Nutrition Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among 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 state 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 state 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 state 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 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.

*BAS Partners LLC*

**Pembroke Pines, Florida**

**January 2, 2023**

**BALANCED NUTRITION, INC.  
 SCHEDULE OF EXPENDITURES OF STATE AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2021**

<u>State Grantor/Pass-Through Grantor/Program Title</u>	<u>State CSDA Number</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture</u>		
<u>Pass-Through North Carolina Department of Health and Human Services</u>		
*Child and Adult Care Food Program	10.558	\$ 1,352,637
		<u>1,352,637</u>
<b>TOTAL</b>		<u><b>\$ 1,352,637</b></u>

\*Denotes Major Program

**BALANCED NUTRITION, INC.  
NOTES TO SCHEDULE OF STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**NOTE 1- BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "schedule") includes the federal grant activity of Balanced Nutrition, Inc's programs of the federal government for the year ended December 31, 2021. 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 State Awards*,. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**NOTE 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 Title 2 U.S. *Code of State Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for State Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**NOTE 3 — CONTINGENCIES**

Grant monies received and disbursed by Balanced Nutrition, Inc. are for specific purposes and are subject to review by grantor agencies. Such audits may result in request for reimbursement due to disallowed expenditures. Based on prior experience, Balanced Nutrition, Inc. does not believe that such disallowances, if any, would have a material effect on the financial position of Balanced Nutrition, Inc. As of December 31, 2021, management is not aware of any material questioned or disallowed costs as a result of grant audits in process or completed.

**NOTE 4 — INDIRECT COST RATE**

Balanced Nutrition, Inc. has elected to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance.

**BALANCED NUTRITION, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**SECTION 1 – SUMMARY OF INDEPENDENT AUDITORS’ RESULTS**

**Financial Statements**

**Type of Auditors’ Report Issued**

**Unmodified Opinion**

Internal control over financial reporting:

- Material weaknesses identified?  Yes  No
- Significant deficiency identified that are not considered to be material weaknesses?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major programs:

- Material weaknesses identified?  Yes  No
- Significant deficiency identified that are not considered to be material weaknesses?  Yes  None Reported

**Type of Auditors’ Report Issued on Compliance for Major Program: Unmodified Opinion**

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

**Identification of Major Programs:**

**CFDA Numbers**

**Name of State Program or Cluster**

10.558 Child and Adult Care Food Programs

Dollar threshold used to distinguish between Type A and Type B programs: \$500,000

Auditee qualified as low-risk auditee?  Yes  No

**BALANCED NUTRITION, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**SECTION II — FINANCIAL STATEMENT FINDINGS**

**Current Year Findings and Prior Year Findings**

None Noted

**SECTION III — FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

**Current Year Findings and Prior Year Findings**

None Noted