



NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**

JOSH STEIN • Governor

DEV DUTTA SANGVAI • Secretary

YVONNE COPELAND • Director, Division of Child and Family Well-Being

April 3, 2025

FEDERAL EXPRESS

Ms. Yolanda Hill, Owner/CFO
Balanced Nutrition, Inc. Agreement #9460
5664 Marblehead Drive
Colfax, NC 27235

Mrs. Kimberly Cephas, Operations Manager
Balanced Nutrition, Inc. #9460
5004 Peppercorn Lane
Greensboro, NC 27406

Mrs. Renee Matthews-Jones, Board Chair
Balanced Nutrition, Inc. #9460
14 Ponderosa Ct.
Greensboro, NC 27406

RE: NOTICE OF PROPOSED TERMINATION AND DISQUALIFICATION

Dear Ms. Hill, Mrs. Cephas, and Mrs. Matthews-Jones:

This letter concerns the Serious Deficiency Notice dated July 24, 2024 which determined that Balanced Nutrition, Inc. is seriously deficient in its operation of the Child and Adult Care Food Program (CACFP) and that Yolanda Hill, Kimberly Cephas, and Renee Matthews-Jones are responsible for the serious deficiencies.

The State agency received the documentation sent detailing the actions the institution has taken or would take to correct these serious deficiencies on December 19, 2024 before the corrective action deadline of December 20, 2024.

Based on the State agency's review of the documentation, the State agency has determined that Balanced Nutrition, Inc. has not fully and permanently corrected the serious deficiencies cited in the Serious Deficiency Notice.

PROPOSED TERMINATION AND PROPOSED DISQUALIFICATION

NC DEPARTMENT OF HEALTH AND HUMAN SERVICES • DIVISION OF CHILD AND FAMILY WELL-BEING

LOCATION: 5601 Six Forks Road, Building 2, Raleigh, NC 27609
MAILING ADDRESS: 1914 Mail Service Center, Raleigh, NC 27699-1914
www.ncdhhs.gov • TEL: 919-707-5800 • FAX: 919-870-4818

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

As a result, effective April 17, 2025, the State agency proposes to:

- Terminate Balanced Nutrition, Inc.'s agreement to participate in the CACFP
- Disqualify Balanced Nutrition, Inc. from future CACFP participation; and
- Disqualify Yolanda Hill, Kimberly Cephas, and Renee Matthews-Jones from future CACFP participation.

Since Balanced Nutrition, Inc. submitted a voluntary termination of its agreement, the State agency proposes to disqualify Balanced Nutrition, Inc., Yolanda Hill, Kimberly Cephas, and Renee Matthews-Jones from future CACFP participation. If disqualified, Balanced Nutrition, Inc., Yolanda Hill, Kimberly Cephas, and Renee Matthews-Jones will be placed on the National Disqualified List (NDL). While on the NDL, Balanced Nutrition, Inc. will not be able to participate in the CACFP as an institution or facility. Yolanda Hill, Kimberly Cephas, and Renee Matthews-Jones will not be able to serve as a principal in any institution or facility or as a day care home provider in the CACFP.

Institutions and individuals remain on the NDL until USDA's Food and Nutrition Service, in consultation with the State agency, determines that the serious deficiencies have been corrected, or until seven years after their disqualification. However, if any debt relating to the serious deficiencies has not been repaid, they will remain on the NDL until the debt is repaid.

These actions are being taken pursuant to 7 CFR §226.6(c)(3).

STATUS OF SERIOUS DEFICIENCIES

RECORDKEEPING

A. Failure to operate the Program in conformance with the performance standards set forth in paragraphs (b)(1)(xviii) and (b)(2)(vii) of this section (Recordkeeping) 7 CFR § 226.6(m)(3)

7 CFR § 226.6(b)(4)(iii)(C) The right of the State agency, the Department, and other State or Federal officials to make announced or unannounced reviews of their operations during the institution's normal hours of child or adult care operations, and that anyone making such reviews must show photo identification that demonstrates that they are employees of one of these entities.

SPONSOR FINDINGS:

- Balanced Nutrition, Inc. did not make all requested records available during the compliance review.
- Requests were made on 3/1/2024, 3/18/2024, 4/1/2024 for documentation. An additional request for documentation was made on 5/6/2024, however Balanced Nutrition, Inc. did not provide all the documentation requested.
- Balanced Nutrition, Inc.'s management plan indicates the address where the institution records are maintained as 122 N. Elm Street, Suite 504, Greensboro, NC 27401-2818. When the compliance team was on site, Ms. Hill left the N. Elm Street location to collect records for the compliance review.

REQUIRED CORRECTIVE ACTION – INSUFFICIENT

The Corrective Action Documentation does not fully address the findings noted in the Notice of Serious Deficiency:

7 CFR § 226.10(d) All records to support the claim shall be retained for a period of three years after the date of submission of the final claim for the fiscal year to which they pertain, except that if audit findings have not been resolved, the records shall be retained beyond the end of the three year period as long as may be required for the resolution of the issues raised by the audit. All accounts and records pertaining to the Program shall be made available, upon request, to representatives of the State agency, of the Department, and of the U.S. Government Accountability Office for audit or review, at a reasonable time and place.

SPONSOR FINDINGS:

- Balanced Nutrition, Inc. has not retained all records to support its claim for reimbursement for three years.
- Balanced Nutrition, Inc. filed claims for Gingerbread Learning Center for February 2023, March 2023, June 2023, July 2023, August 2023, September 2023, October 2023, and February 2024, months that the facility reports not filing a claim with Balanced Nutrition, Inc. Documentation was not provided to illustrate the distribution of reimbursement from Balanced Nutrition, Inc. to Gingerbread Learning Center. During the on-site compliance review, Ms. Hill confirmed with the compliance team that Gingerbread Learning Center had not filed a claim since November 2022.

INCOME ELIGIBILITY APPLICATIONS (*Repeat Finding*)

7 CFR § 226.23(e)(1)(i) For the purpose of determining eligibility for free and reduced price meals, institutions (other than emergency shelters and at-risk afterschool care centers) shall distribute applications for free and reduced price meals to the families of participants enrolled in the institution. Sponsoring organizations of day care homes shall distribute applications for free and reduced price meals to day care home providers who wish to enroll their own eligible children in the Program.

SPONSOR FINDINGS:

- Balanced Nutrition, Inc. did not maintain accurate income eligibility applications for its sponsored facilities.

FACILITY FINDINGS:

- The following facilities did not maintain accurate income eligibility applications:
 - Apple Tree Wee School, Inc.
 - Gingerbread Learning Center
 - ABG Provider Services Child Care II – [This facility was removed from the findings as a result of additional documentation provided.](#)

REQUIRED CORRECTIVE ACTION - INSUFFICIENT

Nothing was provided to address the findings from Gingerbread Learning Center.

ENROLLMENT DOCUMENTATION (*Repeat Finding*)

7 CFR § 226.6(m)(3) As part of its conduct of reviews, the State agency must assess each institution's compliance with the requirements of this part pertaining to: (vi) Compliance with the requirements for annual updating of enrollment forms.

SPONSOR FINDINGS:

- Balanced Nutrition, Inc. did not maintain enrollment documentation for its sponsored facilities.

FACILITY FINDINGS:

- The following facilities did not maintain accurate enrollment documentation.
 - ABG Provider Services Child Care II
 - First Class Preparatory School
 - Foundation Builders Academy
 - Apple Tree Wee School, Inc
 - Jamie Johnson
 - Robrita McKoy
 - Sharon Harris

REQUIRED CORRECTIVE ACTION - INSUFFICIENT

The Corrective Action Documentation provided did not include a procedure that would be put in place to ensure enrollment documentation is maintained in accordance with 7 CFR § 226.6(m)(3).

CIVIL RIGHTS

FNS Instruction 113-1 XI. The FNS Regional Office of Civil Rights and State agencies will be responsible for training State agency staffs. State agencies are responsible for training local agencies. Local agencies are responsible for training their subrecipients, including “frontline staff.” “Frontline staff” who interact with program applicants or participants, and those persons who supervise “frontline staff,” must be provided civil rights training on an annual basis.

SPONSOR FINDINGS:

- Balanced Nutrition, Inc. failed to participate in Civil Rights training conducted by the State agency.

FACILITY FINDINGS:

- Balanced Nutrition, Inc. failed to ensure the following facilities under its sponsorship received annual Civil Rights training.
 - Apple Tree Wee School, Inc.
 - Gingerbread Learning Center
 - Rosa Reddick
 - Kim Eaton

REQUIRED CORRECTIVE ACTION – Findings were reversed.

Balanced Nutrition, Inc. did not maintain documentation of Civil Rights training, however, the State agency maintains institution’s Civil Rights training. For this reason, the findings were reversed.

PROGRAMMATIC TRAINING

7 CFR § 226.6(b)(2)(ii) The State agency must ensure that renewing sponsoring organizations certify the following to be true: (G) All facilities under the sponsoring organization's oversight have adhered to Program training requirements.

7 CFR § 226.6(b)(2)(iii)(K) The State agency must ensure that renewing sponsoring organizations certify that all facilities under their oversight have adhered to the training requirements set forth in Program regulations.

7 CFR § 226.6(f)(1)(vii) Require each sponsoring organization to submit verification that all facilities under its sponsorship have adhered to the training requirements set forth in Program regulations;

7 CFR § 226.15(e)(14) For sponsoring organizations, records documenting the attendance at annual training of each staff member with monitoring responsibilities. Training must include instruction, appropriate to the level of staff experience and duties, on the Program's meal patterns, meal counts, claims submission and claim review procedures, recordkeeping requirements, and an explanation of the Program's reimbursement system.

7 CFR § 226.16(d)(2) Training on Program duties and responsibilities to key staff from all sponsored facilities prior to the beginning of Program operations. At a minimum, such training must include instruction, appropriate to the level of staff experience and duties, on the Program's meal patterns, meal counts, claims submission and review procedures, recordkeeping requirements, and reimbursement system. Attendance by key staff, as defined by the State agency, is mandatory;

7 CFR § 226.16(d)(3) Additional mandatory training sessions, as defined by the State agency, for key staff from all sponsored facilities, not less frequently than annually. At a minimum, this training must include instruction, appropriate to the level of staff experience and duties, on the Program's meal patterns, meal counts, claims submission and review procedures, recordkeeping requirements, and reimbursement system.

7 CFR § 226.18(b)(2) The responsibility of the sponsoring organization to require key staff, as defined by the State agency, to receive Program training prior to the day care home's participation in the Program, and at least annually thereafter, on content areas established by the State agency, and the responsibility of the day care home to participate in that training;

SPONSOR FINDINGS:

- Balanced Nutrition, Inc. failed to participate in programmatic training conducted by the State agency.

FACILITY FINDINGS:

- Balanced Nutrition, Inc. failed to ensure the following facilities under its sponsorship received annual Programmatic training.
 - Apple Tree Wee School, Inc.
 - Gingerbread Learning Center
 - Rosa Reddick
 - Kim Eaton

REQUIRED CORRECTIVE ACTION -- Findings were reversed.

Balanced Nutrition, Inc. did not maintain documentation of Programmatic training, however, the State agency maintains institution's Programmatic training. For this reason, the findings were reversed.

MONITORING (*Repeat Finding*)

7 CFR § 226.6(m)(3)(ix) If a sponsoring organization, training and monitoring of facilities, including the timing of reviews, as described in § 226.16(d)(4)(iii);

7 CFR § 226.6(b)(1)(xviii)(C)(4)(ii) Perform monitoring in accordance with § 226.16(d)(4), to ensure that sponsored facilities accountably and appropriately operate the Program;

7 CFR § 226.16(d)(4)(iii) Sponsoring organizations must review each facility three times each year, except as described in paragraph (d)(4)(iv) of this section. In addition: (A) At least two of the three reviews must be unannounced;(B) At least one unannounced review must include observation of a meal service;(C) At least one review must be made during each new facility's first four weeks of Program operations; and (D) Not more than six months may elapse between reviews. (E) The timing of unannounced reviews must be varied so that they are unpredictable to the facility; and (F) All types of meal service must be subject to review and sponsoring organizations must vary the meal service reviewed.

SPONSOR FINDINGS:

- Balanced Nutrition Inc. failed to implement the monitoring scheduled as described in the institution's management plan.
- Balanced Nutrition, Inc. failed to accurately monitor facilities under its sponsorship.

- Balanced Nutrition, Inc. failed to maintain all monitoring records for its sponsored facilities.
- Not all meal types were included in meal observations.
- The State agency reviewer identified other program violations from the sampled facilities not identified by Balanced Nutrition Inc.

FACILITY FINDINGS:

- The following facilities did not maintain monitoring conducted by Balanced Nutrition, Inc. Monitoring forms were not on file for the following facilities:
 - First Class Preparatory School
 - Apple Tree Wee School, Inc.
 - Gingerbread Learning Center
 - Foundation Builders Academy
 - Kim Eaton
 - Jamie Johnson
 - Robrita McKoy

REQUIRED CORRECTIVE ACTION – INSUFFICIENT

The Corrective Action Documentation did not address how they would ensure that monitoring requirements are met.

MEAL COUNTS (*Repeat Finding*)

7 CFR § 226.13(c) Each sponsoring organization shall receive payment for meals served to children enrolled in approved day care homes at the tier I and tier II reimbursement rates, as applicable based on daily meal counts taken in the home, and as established by law and adjusted in accordance with § 226.4.

7 CFR § 226.15(e)(4) Daily records indicating the number of participants in attendance and the daily meal counts, by type (breakfast, lunch, supper, and snacks), served to family day care home participants, or the time of service meal counts, by type (breakfast, lunch, supper, and snacks), served to center participants. State agencies may require family day care homes to record meal counts at the time of meal service only in day care homes providing care for more than 12 children in a single day, or in day care homes that have been found seriously deficient due to problems with their meal counts and claims.

7 CFR § 226.17(b)(9) Each child care center must maintain daily records of time of service meal counts by type (breakfast, lunch, supper, and snacks) served to enrolled children, and to adults performing labor necessary to the food service.

SPONSOR FINDINGS:

- Balanced Nutrition, Inc. did not accurately claim meal counts on the claim for reimbursement.

FACILITY FINDINGS:

- Balanced Nutrition, Inc. did not accurately claim meal counts on the claim for reimbursement for the following facility:
 - Robrita McKoy
 - Jamie Johnson
 - Gingerbread Learning Center
 - ABG Provider Services Child Care II
 - Apple Tree Wee School, Inc.

REQUIRED CORRECTIVE ACTION – INSUFFICIENT

The Corrective Action Documentation provided did not include a procedure that would be put in place to ensure meal counts are accurate when claimed.

MENU REVIEW (*Repeat Finding*)

7 CFR § 226.17(b)(4) Each child care center participating in the Program shall claim only the meal types specified in its approved application in accordance with the meal pattern requirements specified in § 226.20.

7 CFR § 226.18(b)(4) The responsibility of the day care home to maintain records of menus, and of the number of meals, by type, served to enrolled children;

7 CFR § 226.20(a) Except as otherwise provided in this section, each meal served in the Program must contain, at a minimum, the indicated components

SPONSOR FINDINGS:

- Balanced Nutrition, Inc. filed claims for meals that did not meet the CACFP meal pattern.

FACILITY FINDINGS:

- Balanced Nutrition, Inc. filed claims for meals that did not meet the CACFP meal pattern for the following facilities.
 - Jamie Johnson
 - Robrita McKoy
 - Foundation Builders Academy
 - Apple Tree Wee School Inc.
 - Sharon Harris
 - Gingerbread Learning Center

REQUIRED CORRECTIVE ACTION – INSUFFICIENT

The Corrective Action Documentation provided did not include a procedure that would be put in place to ensure menus meet the meal pattern requirements nor how to address the variation noted between menus at sponsored facilities and what was on file with the Sponsor.

FISCAL INTEGRITY (*Repeat Finding*)

FNS Instruction 796-2 Rev. 4 VIII. B. The failure of the institution to identify related party transactions, less-than-arms-length transactions, ownership interests in equipment, supplies, vehicles and facilities or disclose any other information to the State agency that inhibits the State agency's ability to make an informed assessment of the allowability of a particular cost will result in the disallowance of the costs and may subject the institution, its principals, employees, consultants or others to the administrative and legal remedies available to the State agency and FNS.

FNS Instruction 796-2 Rev. 4 VIII I 22 c (2) Less-than-arm length transactions. Specific prior written approval by FNSRO and the State agency is required.

7 CFR § 226.10(c)(2) Sponsoring organizations of unaffiliated centers must make available to the State agency an annual report detailing actual expenditures of Program funds and the amount of meal reimbursement funds retained from centers, if any, for administrative costs for the year to which the claims apply. The report must use the same cost categories as the approved annual budget submitted by the sponsoring organization.

SPONSOR FINDINGS:

- Balanced Nutrition, Inc. did not disclose to the State agency less-than-arm length transactions relatives related to Yolanda Hill.
 - Labor expenses were claimed for Kimberly Cephas, daughter of Yolanda Hill. Balanced Nutrition, Inc. did not disclose or receive approval from the State agency regarding the less-than-arm length transaction.

FACILITY FINDINGS:

- Balanced Nutrition, Inc. did not report expenses accurately and unallowable expenses were claimed for the following facilities:
 - Apple Tree Wee School, Inc.
 - First Class Preparatory School
 - Gingerbread Learning Center
 - ABG Provider Services Child Care II

REQUIRED CORRECTIVE ACTION - INSUFFICIENT

The Corrective Action Documentation provided did not include a procedure that would be put in place to ensure expenses align with the approved budget and that any less-than-arm's length transactions are identified.

VERIFICATION OF A VALID CLAIM

7 CFR § 226.10(c) In submitting a Claim for Reimbursement, each institution must certify that the claim is correct and that records are available to support that claim.

7 CFR § 226.11(b)(1) Prior to submitting its consolidated monthly claim to the State agency, each sponsoring organization must conduct reasonable edit checks on the sponsored centers' meal claims, which at a minimum, must include those edit checks specified at § 226.10(c).

7 CFR § 226.13(b) Each sponsoring organization shall report each month to the State agency the total number of meals, by type (breakfasts, lunches, suppers, and snacks) and by category (tier I and tier II), served to children enrolled in approved day care homes. Prior to submitting its consolidated monthly claim to the State agency, each sponsoring organization must conduct reasonable edit checks on the day care homes' meal claims which, at a minimum, include those edit checks specified at § 226.10(c).

7 CFR § 226.14(a) State agencies shall consider claims for reimbursement not payable when an institution fails to comply with the recordkeeping requirements that pertain to records directly supporting claims for reimbursement. Records that directly support claims for reimbursement include, but are not limited to, daily meal counts, menu records, and enrollment and attendance records, as required by § 226.15(e).

7 CFR § 226.15(e) Each institution shall establish procedures to collect and maintain all program records required under this part, as well as any records required by the State agency. Failure to maintain such records shall be grounds for the denial of reimbursement for meals served during the period covered by the records in question and for the denial of reimbursement for costs associated with such records.

SPONSOR FINDINGS (*Repeat Finding*)

- Balanced Nutrition, Inc. failed to file valid claims.

FACILITY FINDINGS:

- Valid claims were not filed for the following facilities.
 - Apple Tree Wee School, Inc.
 - Foundations Builders Academy
 - First Class Preparatory School
 - ABG Provider Services Child Care II
 - Gingerbread Learning Center
 - Jamie Johnson
 - Robrita McKoy
 - Sharon Harris
 - Kim Eaton

REQUIRED CORRECTIVE ACTION - INSUFFICIENT

The Corrective Action Documentation provided did not include a procedure that would be put in place to allow for identification of facility disallowances prior to claim submission.

In addition to the above insufficient corrective action responses, Balanced Nutrition, Inc. appealed disallowances in the amount of \$101,142.05. On March 24, 2025, the Office of

Administrative Hearings affirmed all disallowances. For this reason, a Demand Letter was issued to Balanced Nutrition, Inc. dated March 26, 2025, stating, “The State agency has determined that the institution owes the balance below to the Child and Adult Care Food Program (CACFP) due to adjustments identified during compliance review. In accordance with 10A NCAC 43J.0101 and 7 CFR §226.14, this balance must be repaid to the State Agency within thirty (30) days of receipt of the demand letter. The State agency will continue collection efforts seeking repayment of funds.

APPEAL OF PROPOSED TERMINATION AND DISQUALIFICATION

Balanced Nutrition, Inc., Yolanda Hill, Kimberly Cephas, and Renee Matthews-Jones may appeal the proposed disqualifications. A copy of the appeal procedures is enclosed. If any of you decide to appeal the proposed actions, all appeal procedures must be followed as failure to do so may result in the denial of your request for appeal.

SUMMARY

Balanced Nutrition, Inc. has not fully and permanently corrected the serious deficiencies identified in the Serious Deficiency Notice. For this reason, the State agency is proposing to terminate Balanced Nutrition, Inc. and disqualify Balanced Nutrition, Inc., Yolanda Hill, Kimberly Cephas, and Renee Matthews-Jones.

The proposed termination and the disqualifications may be appealed. If appealed, the proposed actions will not take effect until the hearing official issues a decision. If Balanced Nutrition, Inc., Yolanda Hill, Kimberly Cephas, and Renee Matthews-Jones do not appeal their proposed disqualification, they will be disqualified from future CACFP participation effective April 17, 2025, and placed on the NDL.

Sincerely,



Mary Anne Burghardt
Acting Deputy Director
Division of Child and Family Well-Being
State Director, Child and Adult Care Food Program

CC: Cassandra Ward (email)
Ryan Zellar (email)
Madge McNaboe (email)
Janet Phelps (email)
Mercedes Sanders (email)
Rosalyn Sparkman (email)
Anthony J. Biller (email)
Tara Seidel (email)

Enclosures: Appeal Procedures