

**THREE O'CLOCK PROJECT
BATON ROUGE, LOUISIANA
DECEMBER 31, 2018**

L.A. CHAMPAGNE 
Certified Public Accountants

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Board of Directors of
Three O'Clock Project

We have reviewed the accompanying financial statements of Three O'Clock Project (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2018, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA, and the standards applicable to review engagements contained in *Governmental Auditing Standards*, issued by the United States Comptroller. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

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

Supplementary Information

The accompanying schedule of compensation, benefits, and other payments to the agency head is presented for purposes of additional analysis and is not a required part of the basic 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 supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and, accordingly, do not express an opinion on such information.

Report on Agreed-Upon Procedures

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, we have issued a report, dated June 30, 2019, on the results of our agreed-upon procedures.



*Baton Rouge, Louisiana
June 30, 2019*

THREE O'CLOCK PROJECT
STATEMENT OF FINANCIAL POSITION

December 31, 2018

(See Independent Accountant's Review Report)

ASSETS

CURRENT ASSETS

Cash	\$ 35,843
Grants receivable	78,946
Total current assets	<u>114,789</u>
 Total assets	 <u><u>\$ 114,789</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 31,438
Accrued expenses	1,471
Total current liabilities	<u>32,909</u>

NET ASSETS WITHOUT DONOR RESTRICTIONS 81,880

Total liabilities and net assets \$ 114,789

See accompanying notes to financial statements.

THREE O'CLOCK PROJECT
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018
(See Independent Accountant's Review Report)

	<u>Without Donor Restrictions</u>
SUPPORT AND REVENUE	
Government grants	\$ 351,709
Donations	55,314
Program services	9,984
Total support and revenue	<u>417,007</u>
 EXPENSES	
Program expenses	328,638
Management and general expenses	8,956
Total expenses	<u>337,594</u>
 Change in net assets	 79,413
 Net assets - beginning of year	 <u>2,467</u>
 Net assets - end of year	 <u><u>\$ 81,880</u></u>

See accompanying notes to financial statements.

THREE O'CLOCK PROJECT
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018
(See Independent Accountant's Review Report)

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 79,413
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Increase in accounts receivable	(78,946)
Increase in accounts payable	31,438
Increase in accrued expenses	992
	32,897
Net cash provided by operating activities	32,897
CASH FLOWS FROM INVESTING ACTIVITIES	-
CASH FLOWS FROM FINANCING ACTIVITIES	-
NET INCREASE IN CASH	32,897
Cash - beginning of year	2,946
Cash - end of year	\$ 35,843
SUPPLEMENTAL CASH FLOW INFORMATION:	
Cash paid for interest	\$ 24

See accompanying notes to financial statements.

THREE O'CLOCK PROJECT
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2018
(See Independent Accountant's Review Report)

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 9,303	\$ 1,642	\$ 10,945
Payroll taxes and benefits	1,943	343	2,286
Legal and accounting fees	-	525	525
Contract food services	316,928	-	316,928
Travel and conferences	464	4,175	4,639
Bank and administrative fees	-	1,288	1,288
Marketing expenses	-	538	538
Office expenses	-	396	396
Other expenses	-	49	49
Total expenses	<u>\$ 328,638</u>	<u>\$ 8,956</u>	<u>\$ 337,594</u>

See accompanying notes to financial statements.

THREE O'CLOCK PROJECT NOTES TO FINANCIAL STATEMENTS

December 31, 2018

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

Three O'Clock Project (the "Organization") is a non-profit corporation headquartered in Baton Rouge, Louisiana that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization was incorporated in 2017 to partner with schools, after school organizations, food vendors, and local communities to provide healthy meals and education at little to no cost. The Organization's mission is to provide healthy meals and nutrition education for at-risk students after school.

Basis of accounting

The Organization prepares its financial statements on the accrual basis of accounting. Under this method of accounting, revenue is recognized when earned or billed, and expenses are recognized when goods or services are received and the obligation for payment is incurred.

Basis of presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC). The Organization reports information regarding its financial position and activities according to the two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from 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 assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

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 with donor restrictions to net assets without donor restrictions.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and grants

Contributions received, government support, and unconditional promises to give are measured at their fair values and are reported as an increase in net assets.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash

For the purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with a maturity of three months or less when acquired to be cash.

Allowance for uncollectible accounts

An allowance for uncollectible accounts is established based on prior experience and management's assessment of collectability. Management believes all accounts receivable are collectible at December 31, 2018, and accordingly, no allowance has been established.

Income tax status

The Organization is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the financial statements.

The Organization accounts for income taxes in accordance with the income tax accounting guidance included in the FASB ASC. Under this guidance, the Organization may recognize the tax effects from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by tax authorities. The Organization has evaluated its position regarding the accounting for uncertain tax positions and does not believe that it has any material uncertain tax positions.

Functional allocation of expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs are charged specifically to a program or function and the remaining costs are allocated among programs, management, and fund raising. Salaries and wages, related payroll taxes, and benefit allocations are determined by management on an equitable basis based on time and effort.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Change in Accounting Principles

On August 18, 2016, FASB issued Accounting Standards update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented, which had no impact to total net assets.

B: CONCENTRATION OF REVENUE

The Organization receives a significant portion of its funds provided through government grants and contracts. Thus, its funding is vulnerable to changes in the legislative priorities of federal, state, and local governments. Significant among those are the following, reflecting their percent of total revenues provided during the year ended December 31, 2018:

Louisiana Department of Education	84%
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Grants receivable totaling \$78,946, or 100% of grant receivables, is due from the Louisiana Department of Education as of December 31, 2018.

For the year ended December 31, 2018, contributions from two private donors accounted for approximately 13% of the total support and revenues to the Organization.

C: CONCENTRATION OF CREDIT RISK

The Organization maintains deposits in a local financial institution with balances at times that may exceed the \$250,000 federal insurance provided by the Federal Deposit Insurance Corporation. Management believes the credit risk associated with these deposits is minimal.

D: NON-CASH INVESTING AND FINANCING ACTIVITIES

There were no non-cash investing and financing activities in 2018.

E: LIQUIDITY

As of December 31, 2018, the Organization had \$114,789 of financial assets available within one year of the statement of net position date consisting of cash and receivables. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of position date.

F: SUBSEQUENT EVENTS

Subsequent events were evaluated through June 30, 2019, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

THREE O'CLOCK PROJECT
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD

For the Year Ended December 31, 2018
(See Independent Accountant's Review Report)

Agency Head Name: Emily Chatelain, Executive Director

Purpose:	<u>Amount</u>
Reimbursements for goods and services purchased directly for program use	\$ 6,101

See independent accountant's review report.

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

The Board of Directors of
Three O'Clock Project

We have performed the procedures enumerated below, which were agreed to by the management of Three O'Clock Project and the Legislative Auditor (the specified parties), on the Organization's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended December 31, 2018, as required by Louisiana Revised Statute 24:513 and *the Louisiana Governmental Audit Guide*. The Management of Three O'Clock Project are responsible for its financial records and compliance with applicable laws and regulations. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Federal, State, and Local Awards

1. Obtain the list of federal, state, and local government grant award expenditures for the fiscal year, by grant and grant year, from the Organization's management.

The Organization provided us with the following list of expenditures for federal, state, and local government grant awards for the year ended December 31, 2018:

Federal, State, or Local Grant Name	Grant Year	CFDA No. (if applicable)	Amount
U.S. Department of Agriculture passed through the Louisiana Department of Education	2018	10.558	\$ 335,020

2. For each federal, state, and local grant award, randomly select six disbursements from each grant administered during the fiscal year, provided that no more than 30 disbursements are selected.
3. Obtain documentation for the disbursements selected in Procedure 2. Compare the selected disbursements to supporting documentation, and report whether the disbursements agree to the amount and payee in the supporting documentation.

Each of the selected disbursements agreed to the amount and payee in the supporting documentation.

4. Report whether the selected disbursements were coded to the correct fund and general ledger account.

Each of the selected disbursements were coded to the correct fund and general ledger account.

5. Report whether the selected disbursements were approved in accordance with the Organization's policies and procedures.

Each of the selected disbursements were approved in accordance with their policies and procedures.

6. For each selected disbursement made for federal grant awards, obtain the *Compliance Supplement* for the applicable federal program. For each disbursement made for a state or local grant award, or for a federal program not included in the *Compliance Supplement*, obtain the grant agreement. Compare the documentation for each disbursement to the program compliance requirements or the requirements of the grant agreement relating to activities allowed or unallowed, eligibility, and reporting; and report whether the disbursements comply with these requirements.

Each of the selected disbursements comply with the requirements outlined in the Compliance Supplement.

7. Obtain the close-out reports, if required, for any program selected in Procedure 2 that was closed out during the fiscal year. Compare the close-out reports, if applicable, with the Organization's financial records; and report whether the amounts in the close-out reports agree with the Organization's financial records.

There were no programs that closed-out during the year ended December 31, 2018.

Open Meetings

8. Obtain evidence from management that agendas for meetings recorded in the minute book were posted as required by Louisiana Revised Statute 42:11 through 42:28 (the open meetings law), and report whether there were any exceptions. Note: Please refer to the Attorney General Opinion No. 13-0043 and the guidance in the publication "Open Meeting FAQs," available on the Legislative Auditor's website at <http://appl.la.state.la.us/llala.nsf>, to determine whether a non-profit agency is subject to the open meetings law.

The Organization is not required to comply with LA R.S. 42:11 through 42:28 (the open meetings law) because the Organization is not a public body.

Budget

9. For each grant exceeding five thousand dollars, obtain the comprehensive grant budgets that the Organization provided to the applicable federal, state or local grantor agency. Report whether the budgets for federal, state or local grants included the purpose and duration of the grants; and whether the budgets for state grants also included specific goals, objectives, and measures of performance.

The Organization provided a comprehensive budget to the applicable agency for the program mentioned previously. The budget specified the anticipated uses of the funds and estimate of the duration of the projects.

State Audit Law

10. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

The Organization's report was submitted to the Legislative Auditor before the statutory due date.

11. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

The Organization's management represented that the Organization did not enter into any contracts during the fiscal year that were subject to the public bid law.

Prior Comments

12. Obtain and report management's representation as to whether any prior year suggestions, exceptions, recommendations, and/or comments have been resolved.

There were no prior year suggestions, recommendations, and/or comments for the year ended December 31, 2017.

This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Organization's compliance with the foregoing matters. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on the Organization's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

J. A. Champagne & Co, LLP

Baton Rouge, Louisiana

June 30, 2019

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Agencies)

May 31, 2019

L.A. Champagne & Co, LLP

4911 Bennington Ave

Baton Rouge, LA 70808

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of December 31, 2018 and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

Federal, State, and Local Awards

We have detailed for you the amount of federal, state, and local award expenditures for the fiscal year, by grant and grant year.

Yes [X] No []

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and local grantor officials.

Yes [X] No []

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes [X] No []

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:11 through 42:28 (the open meetings law). **Note: Please refer to Attorney General Opinion No. 13-0043 and the guidance in the publication "Open Meeting FAQs," available on the Legislative Auditor's website to determine whether a non-profit agency is subject to the open meetings law.**

Not applicable

Yes [] No []

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes [X] No []

Reporting

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [X] No []

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes [X] No []

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes [X] No []

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes [X] No []

General

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes [X] No []

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes [X] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes [X] No []

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.

Yes [X] No []

We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of your report.

Yes [X] No []

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Yes [X] No []

The previous responses have been made to the best of our belief and knowledge.

Dana C. Mitchell Secretary 6/25/2019 Date

Melissa Fox Treasurer 6/25/2019 Date

Ca'Hyn Galz President 6/25/2019 Date