

THREE O’CLOCK PROJECT

BATON ROUGE, LOUISIANA

DECEMBER 31, 2023

THREE
O’CLOCK
PROJECT

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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 statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. 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.

We are required to be independent of Three O'Clock Project and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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 29, 2024, on the results of our agreed-upon procedures.

T. A. Champagne & Co., LLP

Baton Rouge, Louisiana

June 29, 2024

THREE O'CLOCK PROJECT
STATEMENT OF FINANCIAL POSITION

December 31, 2023

ASSETS

CURRENT ASSETS

Cash	\$ 1,599,309
Reimbursement receivables	<u>16,307</u>
Total current assets	<u>1,615,616</u>
Total assets	<u><u>\$ 1,615,616</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 4,154
Total current liabilities	<u>4,154</u>

NET ASSETS

Without donor restrictions	522,156
With donor restrictions	<u>1,089,306</u>
Total net assets	<u>1,611,462</u>
Total liabilities and net assets	<u><u>\$ 1,615,616</u></u>

See accompanying notes and independent accountant's review report.

THREE O'CLOCK PROJECT
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Government grants	\$ -	\$ 196,010	\$ 196,010
Donations	255,611	-	255,611
Other reimbursements	4,347	-	4,347
Transfers in satisfaction of restrictions	396,220	(396,220)	-
Total support and revenue	656,178	(200,210)	455,968
EXPENSES			
Program expenses	446,218	-	446,218
Management and general expenses	68,510	-	68,510
Fundraising	33,819	-	33,819
Total expenses	548,547	-	548,547
Change in net assets	107,631	(200,210)	(92,579)
Net assets - beginning of year	414,525	1,289,516	1,704,041
Net assets - end of year	\$ 522,156	\$ 1,089,306	\$ 1,611,462

See accompanying notes and independent accountant's review report.

THREE O'CLOCK PROJECT
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2023

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 146,122	\$ 44,500	\$ 25,500	\$ 216,122
Payroll taxes and benefits	16,385	4,989	2,860	24,234
Legal and accounting fees	1,010	14,312	177	15,499
Contract food services	190,367	-	-	190,367
Vibrant community project	80,366	-	-	80,366
Travel and conferences	4,973	-	-	4,973
Bank and administrative fees	-	120	-	120
Supplies	1,713	-	-	1,713
Rent	-	2,292	-	2,292
Marketing expenses	5,282	-	5,282	10,564
Office expenses	-	1,794	-	1,794
Other expenses	-	503	-	503
Total expenses	<u>\$ 446,218</u>	<u>\$ 68,510</u>	<u>\$ 33,819</u>	<u>\$ 548,547</u>

See accompanying notes and independent accountant's review report.

THREE O'CLOCK PROJECT
STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (92,579)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Increase in receivables	(1,482)
Decrease in accounts payable	<u>(33,839)</u>
Net cash used in operating activities	<u>(127,900)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>
NET CHANGE IN CASH	(127,900)
Cash - beginning of year	<u>1,727,209</u>
Cash - end of year	<u><u>\$ 1,599,309</u></u>

See accompanying notes and independent accountant's review report.

THREE O’CLOCK PROJECT NOTES TO FINANCIAL STATEMENTS

December 31, 2023

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 as follows:

Net assets without donor restrictions - 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 - 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)*

Revenue recognition

Program service fees are recognized as revenue when performance obligations under the terms of the contracts with customers are satisfied. To accomplish this, the Organization applies the following five-step process to achieve this core principle:

- Identification of the contract with the member;
- Identification of the performance obligations under the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the identified performance obligations; and
- Recognition of revenue when (or as) an entity satisfies the identified performance obligations.

Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

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, 2023, and accordingly, no allowance has been established.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed when incurred.

Income tax status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the financial statements.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

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 fundraising. Salaries and wages, related payroll taxes, and benefit allocations are determined by management on an equitable basis based on time and effort.

Leases

Lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease with no lease asset or liability recognized.

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, 2023:

Louisiana Department of Education	43%
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The Organization also receives a significant portion of its funds through donations and private foundations. For the year ended December 31, 2023, contributions from one private foundation accounted for 22% of total support and revenues.

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: LEASE OBLIGATION

The Organization leases office space under short-term leasing arrangements. The lease expense under these agreements was \$2,292 for the year ended December 31, 2023.

E: LIQUIDITY

The following represents the Organization's financial assets as of December 31, 2023:

Financial assets at year-end:	
Cash	\$ 1,599,309
Receivables	<u>16,307</u>
	1,615,616
Less amounts unavailable to be used for general expenditures within one year, due to donor restrictions	<u>1,089,306</u>
Total financial assets available to management for general Expenditures within one year	<u>\$ 526,310</u>

The Organization maintains a practice of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

F: NON-CASH INVESTING AND FINANCING ACTIVITIES

There were no non-cash investing and financing activities in 2023.

G: NET ASSETS

As of December 31, 2023, the Organization had \$1,089,306 of net assets with donor restrictions subject to expenditures for the child nutrition program. Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by the donors. During the year ended December 31, 2023, \$396,220 of net assets were released for the child nutrition program.

H: SUBSEQUENT EVENTS

Subsequent events were evaluated through June 29, 2024, 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, 2023

Agency Head Name: Emily Chatelain, Executive Director

Purpose:	<u>Amount</u>
Salary	\$ 85,000

See independent accountant's review report.



**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 on the Organization’s compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended December 31, 2023, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The Organization’s management is responsible for its financial records and compliance with applicable laws and regulations.

The Organization has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the Organization’s compliance with the laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the year ended December 31, 2023. Additionally, the Louisiana Legislative Auditor has agreed to and acknowledged that the procedures performed are appropriate for its purposes. The report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

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 Agency’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, 2023:

Federal, State, or Local Grant Name	Grant Year	Amount
U.S. Department of Agriculture passed through the Louisiana Department of Education – Child and Adult Care Food Program	2023	\$ 15,682
U.S. Department of Agriculture passed through the Louisiana Department of Education – Summer Food Service Program	2023	180,328

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.

A total of six disbursements for each grant were selected for testing.

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 selected 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.

The close-out report agrees with the Organization's financial records.

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. This budget specified the anticipated uses of the funds and estimate of the duration of the project.

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, 2022.

We were engaged by the Organization to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on 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.

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

This report is intended solely to describe the scope of testing performed on 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.

L. A. Champagne & Co, LLP

Baton Rouge, Louisiana

June 29, 2024

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

April 24, 2024

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, 2023 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 No N/A

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 No N/A

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes No N/A

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 No N/A

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.**

Yes No N/A

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 No N/A

Reporting

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

Yes No N/A

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 No N/A

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 No N/A

We have complied with R.S. 24:515.2 regarding reporting of pre- and post- adjudication court costs, fines and fees assessed or imposed; the amounts collected; the amounts outstanding; the amounts retained; the amounts disbursed, and the amounts received from disbursements.

Yes No N/A

Prior-Year Comments

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

Yes No N/A

General

We acknowledge that we are responsible for the Agency's compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes No N/A

We acknowledge that we are responsible for determining that that the procedures performed are appropriate for the purposes of this engagement.

Yes No N/A

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

Yes No N/A

We have provided you with all relevant information and access under the terms of our agreement.

Yes No N/A

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

Yes No N/A

We are not aware of any material misstatements in the information we have provided to you.

Yes No N/A

We have disclosed to you any communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others concerning noncompliance with the foregoing laws and regulations, including communications received during the period under examination; and will disclose to you any such communication received between the end of the period under examination and the date of your report.

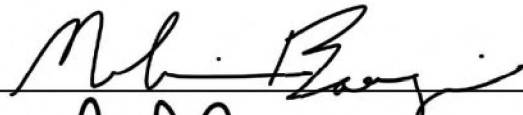
Yes No N/A

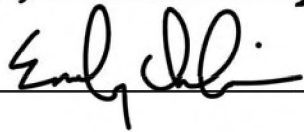
We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies all known noncompliance and other events subsequent to the date of this representation and the date of your report that could have a material effect on our compliance with laws and regulations and the internal

controls with such laws and regulations, or would require adjustment or modification to the results of the agreed-upon procedures.

Yes No N/A

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


_____ Treasurer June 28, 2024 Date


_____ President June 28, 2024 Date