

**THREE O’CLOCK PROJECT**

**BATON ROUGE, LOUISIANA**

**DECEMBER 31, 2020**



**L.A. CHAMPAGNE & CO.**

CERTIFIED PUBLIC ACCOUNTANTS

## TABLE OF CONTENTS

<i>Independent auditor's report</i>	1 - 2
<i>Financial statements</i>	
Statement of financial position	3
Statement of activities	4
Statement of cash flows	5
Statement of functional expenses	6
Notes to financial statements	7 - 10
<i>Supplementary information</i>	
Schedule of compensation, benefits, and other payments to the agency head	11
Schedule of expenditures of federal awards	12
Notes to the schedule of expenditures of federal awards	13
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 <i>Government Auditing Standards</i>	14 – 15
Independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance	16 – 17
Summary of audit results and schedule of findings and questioned costs	18 - 19
Schedule of corrective action taken on prior year findings	20

Kimberly G. Sanders, CPA, MBA  
Neal Fortenberry, CPA  
Wayne Dussel, CPA, CFE  
Jonathan Clark, CPA



Member of the Private Companies  
Practice Section of the American  
Institute of CPAs

Serving the Greater Baton Rouge  
Area for Over 100 Years

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors of  
Three O'Clock Project

### Report on Financial Statements

We have audited the accompanying financial statements of Three O'Clock Project (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Three O’Clock Project as of December 31, 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The schedule of compensation, benefits, and other payments to Agency heads on page 11 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards on page 12 through 13, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2021, on our consideration of Three O’Clock Project’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Three O’Clock Project’s internal control over financial reporting and compliance.

*J. A. Champagne & Co., LLP*

Baton Rouge, Louisiana

June 30, 2021

**THREE O'CLOCK PROJECT**  
**STATEMENT OF FINANCIAL POSITION**

*December 31, 2020*

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 1,909,445
Grants receivable	20,055
Total current assets	<u>1,929,500</u>

**NONCURRENT ASSETS**

Deposit	<u>950</u>
---------	------------

Total assets	<u><u>\$ 1,930,450</u></u>
--------------	----------------------------

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 13,452
Total current liabilities	<u>13,452</u>

**NET ASSETS**

Without donor restrictions	419,759
With donor restrictions	1,497,239
Total net assets	<u>1,916,998</u>

Total liabilities and net assets	<u><u>\$ 1,930,450</u></u>
----------------------------------	----------------------------

*See accompanying notes to financial statements.*

**THREE O'CLOCK PROJECT  
STATEMENT OF ACTIVITIES**

*For the Year Ended December 31, 2020*

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Government grants	\$ -	\$ 18,065,628	\$ 18,065,628
Donations	516,551	-	516,551
Transfers in satisfaction of restrictions	16,568,389	(16,568,389)	-
Total support and revenue	<u>17,084,940</u>	<u>1,497,239</u>	<u>18,582,179</u>
<b>EXPENSES</b>			
Program expenses	16,668,389	-	16,668,389
Management and general expenses	54,128	-	54,128
Fundraising	4,096	-	4,096
Total expenses	<u>16,726,613</u>	<u>-</u>	<u>16,726,613</u>
Change in net assets	358,327	1,497,239	1,855,566
Net assets - beginning of year	<u>61,432</u>	<u>-</u>	<u>61,432</u>
Net assets - end of year	<u>\$ 419,759</u>	<u>\$ 1,497,239</u>	<u>\$ 1,916,998</u>

*See accompanying notes to financial statements.*

**THREE O'CLOCK PROJECT**  
**STATEMENT OF CASH FLOWS**  
*For the Year Ended December 31, 2020*

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase in net assets	\$ 1,855,566
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Decrease in accounts receivable	30,093
Increase in accounts payable	7,197
Decrease in accrued expenses	<u>(346)</u>
Net cash provided by operating activities	<u>1,892,510</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<u>-</u>
<b>NET INCREASE IN CASH</b>	1,892,510
Cash - beginning of year	<u>16,935</u>
Cash - end of year	<u><u>\$ 1,909,445</u></u>

*See accompanying notes to financial statements.*

**THREE O'CLOCK PROJECT**  
**STATEMENT OF FUNCTIONAL EXPENSES**

*For the Year Ended December 31, 2020*

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 138,292	\$ 6,767	\$ 3,383	\$ 148,442
Payroll taxes and benefits	7,727	518	259	8,504
Legal and accounting fees	-	27,518	-	27,518
Contract food services	16,497,190	-	-	16,497,190
Travel and conferences	732	3,484	-	4,216
Bank and administrative fees	-	376	-	376
Insurance	3,817	-	-	3,817
Supplies	14,273	-	-	14,273
Rent	-	11,533	-	11,533
Taxes and licenses	-	70	-	70
Marketing expenses	6,358	497	454	7,309
Office expenses	-	2,852	-	2,852
Other expenses	-	513	-	513
Total expenses	<u>\$ 16,668,389</u>	<u>\$ 54,128</u>	<u>\$ 4,096</u>	<u>\$ 16,726,613</u>

*See accompanying notes to financial statements.*



# **THREE O’CLOCK PROJECT**

## **NOTES TO FINANCIAL STATEMENTS**

*December 31, 2020*

### **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 and revenue recognition*

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. 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.

*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, 2020, and accordingly, no allowance has been established.

*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.

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)*

*Advertising*

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

**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, 2020:

Louisiana Department of Education	97%
-----------------------------------	-----

Grants receivable totaling \$20,055, or 100% of grant receivables, is due from the Louisiana Department of Education as of December 31, 2020.

**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. At December 31, 2020, the Organization's cash exceeded federally insured limits by \$1,698,945. 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 2020.

**E: LEASE OBLIGATION**

The Organization leases office space under an agreement classified as an operating lease. The lease includes monthly rent of \$988 and expires on May 31, 2022. The lease expense under these agreements was \$11,533 for the year ended December 31, 2020. Future minimum rental payments required under the equipment leases as of December 31, 2020 are \$11,856 for 2021 and \$4,940 for 2022.

**F: LINE OF CREDIT**

The Organization opened a \$2,000,000 unsecured line of credit in May 2020 that was subsequently closed in August 2020. There were no outstanding draws at December 31, 2020.

**G: RELATED PARTY TRANSACTIONS**

The Organization paid accounting and consulting fees to a family member of the Executive Director in the amount of \$18,000 for the year ended December 31, 2020.

**H: LIQUIDITY**

The following represents the Organization's financial assets as of December 31, 2020:

Financial assets at year-end:

Cash	\$ 1,909,445
Grants receivable	<u>20,055</u>
	1,929,500
Less amounts unavailable to be used for general expenditures within one year, due to donor restrictions	<u>1,497,239</u>
Total financial assets available to management for general Expenditures within one year	<u>\$ 432,261</u>

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

**I: NET ASSETS**

As of December 31, 2020, the Organization had \$1,497,239 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, 2020, \$16,568,389 of net assets were released for the child nutrition program.

**J: SUBSEQUENT EVENTS**

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen that could negatively impact contributions and operating results. At this point, the extent to which COVID-19 may impact the financial conditions or results of operations is uncertain.

Subsequent events were evaluated through June 30, 2021, 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, 2020*

Agency Head Name: Emily Chatelain, Executive Director

Purpose:	<u>Amount</u>
Salary	\$ 67,667
Reimbursements for goods and services purchased directly for program use	13,251

**THREE O'CLOCK PROJECT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

*For the Year Ended December 31, 2020*

<u>FEDERAL GRANTOR GRANTORS/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANTOR CONTRACTOR NUMBER</u>	<u>TOTAL FEDERAL EXPENDITURES</u>
<u>U.S. Department of Agriculture</u>			
Passed through the Louisiana Department of Education:			
Child Nutrition Program - Child and Adult Care Food Program	10.558	CACFP	\$ 132,637
Child Nutrition Program - Summer Food Service Program	10.559	SFSP	17,932,991
			<u>\$ 18,065,628</u>

*See accompanying notes to financial statements.*

**THREE O’CLOCK PROJECT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF**  
**FEDERAL AWARDS**

*December 31, 2020*

**A: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

**B: 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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**C: INDIRECT COST RATE**

The Organization did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.



Kimberly G. Sanders, CPA, MBA  
Neal Fortenberry, CPA  
Wayne Dussel, CPA, CFE  
Jonathan Clark, CPA



Member of the Private Companies  
Practice Section of the American  
Institute of CPAs

Serving the Greater Baton Rouge  
Area for Over 100 Years

**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***

The Board of Directors  
Three O'Clock Project

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 Three O'Clock Project (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, 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 June 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Three O'Clock Project's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Three O'Clock Project's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Three O’Clock Project's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 Three O’Clock Project’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Three O’Clock Project’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana R.S. 24:513, this report is distributed by the Legislative Auditor as a public document.

*L. A. Champagne & Co, LLP*

*Baton Rouge, Louisiana*

*June 30, 2021*

Kimberly G. Sanders, CPA, MBA  
Neal Fortenberry, CPA  
Wayne Dussel, CPA, CFE  
Jonathan Clark, CPA



Member of the Private Companies  
Practice Section of the American  
Institute of CPAs

Serving the Greater Baton Rouge  
Area for Over 100 Years

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

The Board of Directors  
Three O'Clock Project

**Report on Compliance for Each Major Federal Program**

We have audited Three O'Clock Project's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Three O'Clock Project's major federal programs for the year ended December 31, 2020. Three O'Clock Project's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Three O'Clock Project's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above, that could have a direct and material effect on a major federal program, occurred. An audit includes examining, on a test basis, evidence about Three O'Clock Project's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion on Each Major Federal Program**

In our opinion, Three O’Clock Project complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

### **Report on Internal Control over Compliance**

Management of Three O’Clock Project is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Three O’Clock Project's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Three O’Clock Project’s internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

*F. A. Champagne & Co., LLP*

*Baton Rouge, Louisiana*

*June 30, 2021*

**THREE O’CLOCK PROJECT  
SUMMARY OF AUDIT RESULTS AND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

*Year Ended December 31, 2020*

**A: SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unmodified opinion on the financial statements of Three O’Clock Project.
2. No significant deficiencies in internal controls relating to the audit of the financial statements are reported in the “Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*.”
3. No instance of noncompliance material to the financial statements of Three O’Clock Project was disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal controls over compliance with requirements applicable to major federal award programs are reported in the "Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance."
5. The auditor’s report on compliance for the major federal award programs for the Organization expresses an unmodified opinion.
6. There were no reportable audit findings relative to the major federal award programs for the Organization.
7. A management letter was not issued.
8. The program tested as a major program was the Summer Food Service Program.
9. The threshold for distinguishing Types A and B programs was \$750,000.
10. The Organization was determined not to be a low-risk auditee.

**B: FINDINGS - FINANCIAL STATEMENTS AUDIT**

There are no findings that are required to be reported in this section of the report.

**C: FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM  
AUDIT**

There are no findings that are required to be reported in this section of the report.

**THREE O’CLOCK PROJECT**  
**SCHEDULE OF CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS**  
*Year Ended December 31, 2020*

**FINDINGS - FINANCIAL STATEMENTS AUDIT**

2019-01 - Engagement Completion and Submission

Resolved – Engagement was completed and submitted timely.