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**TOTAL COMMUNITY ACTION, INC.**

**FINANCIAL STATEMENTS  
AND  
REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANT**

**December 31, 1999**

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8-2-00

**TOTAL COMMUNITY ACTION, INC.**

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# Justin J. Scanlan, C.P.A.

CERTIFIED PUBLIC ACCOUNTANT  
4769 ST. ROCH AVE. NEW ORLEANS, LOUISIANA 70122  
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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Total Community Action, Inc.

I have audited the accompanying statement of financial position of Total Community Action, Inc. (a nonprofit corporation) as of December 31, 1999 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Total Community Action, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Total Community Action, Inc. as of December 31, 1999, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated May 11, 2000, on my consideration of Total Community Action, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

My audit was made for the purpose of forming an opinion on the basic financial statements of Total Community Action, Inc. as a whole. The supplemental information listed in the table of contents are presented for the purpose of additional analysis and is not a required part of the basic financial statements of Total Community Action, Inc. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

New Orleans, Louisiana  
May 11, 2000

**TOTAL COMMUNITY ACTION, INC.**  
**STATEMENT OF FINANCIAL POSITION**

**December 31, 1999**

**Total  
Memorandum  
Only  
December 31, 1998**

**ASSETS**

Cash, including certificates of deposit of \$195,339	\$ 60,540	\$ 299,159
Investment securities (Notes A5 and B)	768,833	734,198
Receivables		
Grants (Notes A6 and C)	1,824,684	1,941,296
Travel advances	4,316	6,360
Interest	4,866	2,695
Economic Development Unit, Inc.	42,440	54,357
Other	781	694
Note receivable	-	433,200
Property and equipment-at cost (Note A4 and D)	10,235	23,165
Economic interest – Economic Development Unit, Inc. (Note E)	<u>433,200</u>	<u>-</u>
<b>Total assets</b>	<b><u>\$ 3,149,895</u></b>	<b><u>\$ 3,495,124</u></b>

**LIABILITIES AND NET ASSETS**

Notes payable (Note F)	\$ 111,800	\$ 109,589
Accounts payable and accrued liabilities	621,337	813,044
Pension contribution payable (Note G)	732,989	703,896
Due to subrecipients	278,421	489,374
Commitments (Note H)	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<b>1,744,547</b>	<b>2,115,903</b>
Net assets		
Unrestricted	614,969	558,149
Temporarily restricted	73,696	111,711
Permanently restricted	<u>716,683</u>	<u>709,361</u>
<b>Total net assets</b>	<b><u>1,405,348</u></b>	<b><u>1,379,221</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 3,149,895</u></b>	<b><u>\$ 3,495,124</u></b>

The accompanying notes are an integral part of this financial statement.

TOTAL COMMUNITY ACTION, INC.

STATEMENT OF ACTIVITIES

For the year ended December 31, 1999

	UNRESTRICTED	TEMPORARILY UNRESTRICTED	PERMANENTLY RESTRICTED	TOTAL MEMORANDUM ONLY	
				For the year ended December 31, 1999	For the year ended December 31, 1998
<b>REVENUES</b>					
Government grants	\$ -	\$ 20,544,221	\$ -	\$ 20,544,221	\$ 21,550,254
Interest income	16,592	313	28,238	45,143	37,709
Dividend income	-	-	27,660	27,660	24,342
Unrealized appreciation <depreciation> on investment securities	-	-	<4,130>	<4,130>	23,267
Other	1,330	-	9,086	10,416	29,674
Net assets released from restrictions	20,633,928	<20,582,549>	<51,379>	-	-
<b>TOTAL REVENUES</b>	<u>20,651,850</u>	<u>&lt;38,015&gt;</u>	<u>9,475</u>	<u>20,623,310</u>	<u>21,665,246</u>
<b>EXPENSES</b>					
Salaries	7,480,530	-	-	7,480,530	7,323,858
Fringe benefits	1,836,498	-	2,153	1,838,651	1,594,346
Travel	241,215	-	-	241,215	265,064
Contractual	672,542	-	-	672,542	1,277,698
Supplies	648,261	-	-	648,261	555,069
Food costs	795,445	-	-	795,445	683,696
Subrecipient costs	4,247,475	-	-	4,247,475	3,805,973
Equipment expense	152,854	-	-	152,854	236,913
Insurance	125,445	-	-	125,445	130,808
Utility assistance	1,566,665	-	-	1,566,665	2,494,366
Telephone	102,803	-	-	102,803	100,906
Rent	578,352	-	-	578,352	517,865
Utilities	174,504	-	-	174,504	165,726
Vehicle expense	115,207	-	-	115,207	97,488
Postage	13,809	-	-	13,809	24,378
Other costs	1,843,425	-	-	1,843,425	2,503,603
<b>TOTAL EXPENSES</b>	<u>20,595,030</u>	<u>-</u>	<u>2,153</u>	<u>20,597,183</u>	<u>21,777,757</u>
Increase <decrease> in net assets	56,820	<38,015>	7,322	26,127	<112,511>
Net assets, beginning of year	558,149	111,711	709,361	1,379,221	1,491,732
Net assets, end of year	<u>\$ 614,969</u>	<u>\$ 73,696</u>	<u>\$ 716,683</u>	<u>\$ 1,405,348</u>	<u>\$ 1,379,221</u>

The accompanying notes are an integral part of this financial statement.

**TOTAL COMMUNITY ACTION, INC.**

**STATEMENT OF CASH FLOWS**

**For the year ended December 31, 1999**

Increase <decrease> in cash and cash equivalents		
Cash flows from operating activities:		
Increase in net assets		\$ 26,127
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation	\$ 12,930	
Unrealized depreciation of investments	3,707	
Loss on sale of securities	4,518	
Changes in assets and liabilities:		
Decrease in grants receivable	116,612	
Increase in other receivable	<87>	
Increase in interest receivable	<2,171>	
Decrease in receivable-EDU, Inc.	11,917	
Decrease in travel advances	2,044	
Decrease in accounts payable and accrued liabilities	<191,707>	
Increase in pension contribution payable	29,093	
Decrease in due to subrecipients	<210,953>	<224,097>
Net cash used in operating activities		<197,970>
Cash flows from investing activities:		
Purchase of investments		<203,594>
Proceeds from sale of investments		160,734
Net cash used in investing activities		<42,860>
Cash flows from financing activities:		
Payment of notes payable		<13,189>
Proceeds from note payable		15,400
Net cash provided by financing activities		2,211
Net <decrease> in cash and cash equivalents		<238,619>
Cash and cash equivalents, beginning of year		299,159
Cash and cash equivalents, end of year		\$ 60,540

The accompanying notes are an integral part of this financial statement.

**TOTAL COMMUNITY ACTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**December 31, 1999**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

**1. Nature of Activities**

Total Community Action, Inc. was organized to promote and develop economic opportunity in the City of New Orleans, to promote the education and welfare of the people of New Orleans, and to mobilize such human and financial resources as may be available to combat poverty in New Orleans.

**2. Presentation of Financial Statements**

The corporation's financial statements are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) as set forth in the Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-For-Profit Organizations," dated June 1993. Accordingly, the net assets of the corporation are reclassified to present the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

Net assets of the restricted class are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class.

**3. Revenue Recognition**

For financial reporting, the corporation recognizes all contributed support as income in the period received. Contributed support is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets and permanently restricted net assets are classified to unrestricted net assets and reported in the statement of activity as "net assets released from restrictions".

Grant revenue is recognized as it is earned in accordance with approved contracts.

**4. Property and Equipment**

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, principally on the straight-line method. Depreciation expense for the year ended December 31, 1999 totaled \$12,930.

**TOTAL COMMUNITY ACTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 1999**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**4. Property and Equipment - continued**

It is the policy of the corporation to capitalize all property, furniture, and equipment with an acquisition cost in excess of \$5,000.

**5. Investment Securities**

Under FASB No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations," investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains or losses are included in the change in net assets. This reclassification had no effect on the changes in net assets.

**6. Receivables**

The corporation considers accounts receivable to be fully collectable since the balance consists principally of payments due under governmental contracts. If amounts due become uncollectible, they will be charged to operations when that determination is made.

**7. Cash Equivalents**

For purposes of the statement of cash flows, the corporation considers all investments with original maturities of three months or less to be cash equivalents.

**8. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

**9. Fair Values of Financial Investments**

Cash, and cash equivalent amounts reported in the statement of financial position approximate fair values because of the short maturities of those investments.

The fair values of investment securities are based upon quoted market prices for those or similar investments.



**TOTAL COMMUNITY ACTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

December 31, 1999

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**10. Total Columns of Combined Statements - Overview**

Total columns are captioned "Memorandum Only" to indicate that they are presented only to assist with financial analysis. Data in these columns do not present financial position, activities, or changes in net assets in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**NOTE B - INVESTMENT SECURITIES**

Investment securities, cost and approximate market value at December 31, 1999 consist of the following:

	<b>Fair Market Value</b>	<b>Cost</b>
Government securities	\$ 331,273	\$ 347,240
Mutual funds – equity	<u>437,560</u>	<u>384,878</u>
	<u>\$ 768,833</u>	<u>\$ 732,118</u>

The unrealized depreciation for the year ended December 31, 1999 totaled \$4,130. As of December 31, 1999, the cumulative unrealized appreciation totaled \$36,715.

**NOTE C - GRANTS RECEIVABLE**

The grants receivable consist of the following as of December 31, 1999:

State of Louisiana Department of Social Services	\$ 242,756
City of New Orleans	129,569
State of Louisiana – Department of Labor	328,697
State of Louisiana – Department of Education	120,751
U.S. Department of Health and Human Services	960,243
State of Louisiana – Department of Agriculture	11,433
Orleans Parish Industry Council	<u>31,235</u>
	<u>\$ 1,824,684</u>

**TOTAL COMMUNITY ACTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 1999**

**NOTE D – PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 1999 consist of the following:

Property and equipment	\$ 2,499
Transportation equipment	<u>38,789</u>
	41,288
less accumulated depreciation	<u>&lt;31,053&gt;</u>
	<u>\$ 10,235</u>

Total Community Action, Inc. follows the practice of not capitalizing furniture, fixtures, equipment and leasehold improvements with federal or state funds, since the government has a reversionary interest in such assets. These assets totaled \$537,535 at December 31, 1999.

**NOTE E – ECONOMIC INTEREST – ECONOMIC DEVELOPMENT UNIT, INC.**

On November 2, 1999, Total Community Action, Inc. cancelled its note receivable with Economic Development Unit, Inc. totaling \$433,200. In consideration of the cancellation of the note, Total Community Action, Inc. received three appointments to the Board of Directors of Economic Development Unit, Inc. The Board of Directors shall consist of between six and nine members. In addition, upon dissolution of Economic Development Unit, Inc., the property and assets shall be donated and distributed to Total Community Action, Inc. The Articles of Incorporation of Economic Development Unit, Inc. has been amended to reflect the change in the Board of Director's composition and the distribution of its assets and property upon dissolution.

The unaudited financial statements of Economic Development Unit, Inc. as of and for the year ended December 31, 1999 consist of the following:

**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 1999**

ASSETS		LIABILITIES AND NET ASSETS	
Cash	\$ 60,161	Accounts payable and accrued liabilities	\$ 46,554
Receivables	2,283	Mortgage note payable	<u>54,389</u>
Property and equipment-at cost		Total liabilities	100,943
Building	604,030	Net assets - unrestricted	<u>162,940</u>
Improvements	78,365		
Office Equipment	<u>15,522</u>	Total net assets	<u>162,940</u>
	697,917		
less accumulated depreciation	<u>&lt;696,658&gt;</u>	Total liabilities and net assets	<u>\$ 263,883</u>
	1,259		
Land	<u>200,000</u>		
	<u>201,259</u>		
Deposits	<u>180</u>		
Total assets	<u>\$ 263,883</u>		

**TOTAL COMMUNITY ACTION, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 1999**

**NOTE E - ECONOMIC INTEREST - ECONOMIC DEVELOPMENT UNIT, INC. - CONTINUED**

**STATEMENT OF ACTIVITIES  
For the year ended December 31, 1999**

<b>REVENUE</b>	
Rental income, less direct expenses of \$159,403	\$ 70,276
Interest income	<u>1,430</u>
Total revenue	<u>71,706</u>
 <b>EXPENSES</b>	
Management and general	<u>3,946</u>
Total expenses	<u>3,946</u>
Increase in net assets	67,760
Conversion of note payable-TCA, Inc.	433,200
Net assets, beginning of year	<u>&lt;338,020&gt;</u>
Net assets, end of year	<u>\$ 162,940</u>

**NOTE F - NOTES PAYABLE**

The notes payable consists of the following as of the December 31, 1999:

Note payable to bank, a \$100,000 revolving line of credit due April, 2000, at a 7.25% interest rate. The note is secured by a certificate of deposit totaling \$126,279.	\$ 100,075
Note payable to Total Community Action Federal Credit Union due October, 2000. Payable in monthly installments of \$1,233, including interest at the rate of 9%. The note is secured by transportation equipment totaling \$38,789.	<u>11,725</u> <u>\$ 111,800</u>

The interest expense for the year ended December 31, 1999 totaled \$9,550.

The aggregate maturities of the notes payable consist of the following:

Year ended <u>December 31,</u>	
2000	<u>\$ 111,800</u>

**TOTAL COMMUNITY ACTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 1999**

**NOTE G – PENSION PLAN**

Total Community Action, Inc. sponsors a defined contribution employee pension plan covering all employees twenty-one years or older who have worked for the corporation a minimum of three years. The corporation decides the amount, if anything, to contribute each year to the individual retirement accounts for the eligible employees based on a percentage of annual compensation. The percentage, determined by the Board of Directors, was 9.5% or \$732,989 for the year ended December 31, 1999.

**NOTE H – COMMITMENTS**

The corporation leases its administrative and program offices annually. The rental expense for the year ended December 31, 1999 totaled \$578,352.

**NOTE I – RELATED PARTY TRANSACTIONS**

The principal premises of Total Community Action, Inc. is leased from an affiliated non-profit corporation. Management is of the opinion that rental payments made to this affiliated corporation are comparable with those charged by various business enterprises in the City of New Orleans. The rental payments for the year ended December 31, 1999 totaled \$199,761.

Additionally, Total Community Action, Inc. presently provides administrative and technical assistance to a program it sponsors. This program sells janitorial supplies to the public, its sponsors, and the private sector. In addition, it sold fans to the HEAT crisis program. Management is of the opinion that the prices charged Total Community Action, Inc. are comparable with those purchased through an outside supplier. The purchases for the year ended December 31, 1999 totaled \$150,451.

The corporation owes \$11,725 to the Total Community Action Federal Credit Union for the purchase of transportation equipment in 1997. Management is of the opinion that the interest rate charged (9%) was comparable to that charged by various financial institutions.

**NOTE J – PERMANENTLY RESTRICTED NET ASSETS**

Total Community Action, Inc. is self-insured for employee unemployment compensation claims through the establishment of an unemployment insurance fund.

Transfers of \$9,086 were made from program funds to the unemployment insurance fund for the year ended December 31, 1999, which is accounted for as revenue of the unemployment insurance fund and an expense of the related program. The unemployment insurance fund reimburses the unrestricted fund for all direct costs in administering the program and transfers all net interest income earned on unemployment insurance funds to the unrestricted fund.

All known claims as of December 31, 1999 have been recorded in the financial statements.

**TOTAL COMMUNITY ACTION, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 1999**

**NOTE K – INCOME TAXES**

The corporation is exempt from corporation income taxes under Section 501(c)(3) of the Internal Revenue Code.

**NOTE L – BOARD OF DIRECTORS**

*The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.*

**NOTE M – CONTRACT COMPLIANCE – U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

The Head Start and Early Head Start grants require the corporation to provide non-federal matching funds totaling 20% of the grant. Since these funds consist of in-kind contributions, they do not meet the reporting standards established by the Financial Accounting Standards Board. The in-kind contributions totaled \$4,166,423 for the year ended December 31, 1999.

The corporation was in compliance with the matching requirement of the grants for the year ended December 31, 1999.

**NOTE N – CONCENTRATION OF CREDIT RISK**

Cash balances are adequately insured by federal deposit insurance and securities pledged with the Federal Reserve Bank and Federal Home Loan Bank.

**NOTE O – CASH FLOW INFORMATION**

The interest paid for the year ended December 31, 1999 totaled \$9,550.

On November 2, 1999, the corporation cancelled the note receivable from Economic Development Unit, Inc. for an economic interest in the non-profit corporation.

**NOTE P – ECONOMIC DEPENDENCY**

Total Community Action, Inc. receives a majority of its revenues from funds provided through grants administered by the Department of Human Services and the State of Louisiana. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are effected at the federal and/or state level, the amount of the funds Total Community Action, Inc. receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds Total Community Action, Inc. will receive in the next fiscal year.

**TOTAL COMMUNITY ACTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 1999**

**NOTE P – ECONOMIC DEPENDENCY – CONTINUED**

The corporation is supported primarily through grants from governmental agencies. Approximately 99% of the corporation support for the year ended December 31, 1999 came from these grants.

**SUPPLEMENTAL INFORMATION**

**TOTAL COMMUNITY ACTION, INC.**

**COMBINED STATEMENT OF ACTIVITIES – TEMPORARILY RESTRICTED**

For the year ended December 31, 1999

	<u>HEAD START GRANT</u>	<u>CHILD CARE FOOD PROGRAM</u>	<u>EARLY HEAD START</u>	<u>HEAD START SUMMER CHILD CARE PROGRAM</u>	<u>HOME ENERGY ASSISTANCE PROGRAM</u>
<b>REVENUES</b>					
Grant appropriations	\$ 14,320,490	\$ 727,698	\$ 1,426,855	\$ 240,554	\$ 1,349,860
Interest income	300	-	-	-	13
Other	-	-	-	-	-
	<u>14,320,790</u>	<u>727,698</u>	<u>1,426,855</u>	<u>240,554</u>	<u>1,349,873</u>
<b>EXPENSES</b>					
Salaries	5,280,089	461,706	60,647	117,473	41,086
Fringe benefits	1,356,752	129,170	9,895	15,906	7,490
Travel	197,101	-	2,216	15,232	1,943
Contractual	541,448	-	2,841	-	3,571
Supplies	418,834	595	6,683	15,805	104
Food costs	703,508	38,889	631	4,878	-
Subrecipient costs	3,021,915	84,655	1,172,649	52,911	-
Equipment expenses	94,409	-	1,310	1,358	908
Insurance	107,549	-	-	-	1,751
Utility assistance	-	-	-	-	1,255,330
Telephone	57,060	-	-	-	2,103
Rent	403,395	-	18,000	-	10,012
Utilities	156,964	-	-	-	-
Vehicle expense	71,549	-	-	995	172
Postage	9,480	-	19	2	102
Other costs	<u>1,900,737</u>	<u>12,683</u>	<u>151,964</u>	<u>15,994</u>	<u>25,301</u>
	<u>14,320,790</u>	<u>727,698</u>	<u>1,426,855</u>	<u>240,554</u>	<u>1,349,873</u>
Increase <decrease> in net assets	-	-	-	-	-
Transfer costs to general	-	-	-	-	-
Net assets, beginning of year	-	-	-	-	<u>103,780</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,780</u>



TOTAL COMMUNITY ACTION, INC.

COMBINED STATEMENT OF ACTIVITIES - TEMPORARILY RESTRICTED - CONTINUED

For the year ended December 31, 1999

	ELDERLY AND HANDICAPPED ASSISTANCE FUND	TCA YOUTH ENTREPRENEURSHIP PROGRAM	FOOD DISTRIBUTION PROGRAM CITY OF NEW ORLEANS	COMMODITY FOOD DISTRIBUTION PROGRAM	LITERACY EDUCATION SERVICES
<b>REVENUES</b>					
Grant appropriations	\$ 300,000	\$ 16,515	\$ 53,875	\$ 162,792	\$ -
Interest income	-	-	-	-	-
Other	-	-	-	-	-
	<u>300,000</u>	<u>16,515</u>	<u>53,875</u>	<u>162,792</u>	<u>-</u>
<b>EXPENSES</b>					
Salaries	11,091	-	37,634	62,650	-
Fringe benefits	4,093	-	7,537	16,563	-
Travel	-	-	-	-	-
Contractual	-	-	4,421	36,278	-
Supplies	3,005	24,625	-	6,311	-
Food costs	-	-	-	-	-
Subrecipient costs	-	-	-	-	-
Equipment expenses	-	-	-	2,133	-
Insurance	-	-	-	1,751	-
Utility assistance	311,335	-	-	-	-
Telephone	-	-	-	2,840	-
Rent	-	11,474	-	6,554	-
Utilities	-	-	-	820	-
Vehicle expense	-	-	-	12,264	-
Postage	-	-	-	280	-
Other costs	15,000	-	-	30	-
	<u>344,524</u>	<u>36,099</u>	<u>49,592</u>	<u>148,474</u>	<u>-</u>
Increase <decrease> in net assets	< 44,524 >	< 19,584 >	4,283	14,318	-
Transfer costs to general	-	-	-	-	7,369
Net assets, beginning of year	<u>51,347</u>	<u>11,821</u>	<u>&lt; 4,283 &gt;</u>	<u>&lt; 29,379 &gt;</u>	<u>&lt; 7,369 &gt;</u>
Net assets, end of year	<u>\$ 6,823</u>	<u>\$ &lt; 7,763 &gt;</u>	<u>\$ -</u>	<u>\$ &lt; 15,061 &gt;</u>	<u>\$ -</u>

TOTAL COMMUNITY ACTION, INC.

COMBINED STATEMENT OF ACTIVITIES – TEMPORARILY RESTRICTED - CONTINUED

For the year ended December 31, 1999

	MALE ENCOUNTER CENTER	COMMUNITY SERVICES BLOCK GRANT PROGRAM	HSNG, TOTAL COMMUNITY ACTION PROGRAM	WEATHERIZATION PROGRAM	PROJECT INDEPENDENCE PROGRAM
<b>REVENUES</b>					
Grant appropriations	\$ 7,637	\$ 1,572,011	\$ <5,026>	\$ 223,859	\$ 60,825
Interest income	-	-	-	-	-
Other	<u>7,637</u>	<u>1,572,011</u>	<u>&lt;5,026&gt;</u>	<u>223,859</u>	<u>60,825</u>
<b>EXPENSES</b>					
Salaries	2,271	949,660	5,536	24,077	38,909
Fringe benefits	403	179,972	1,690	7,270	7,364
Travel	-	19,487	-	-	-
Contractual	-	-	-	-	9,600
Supplies	1,882	50,277	-	72,001	4,089
Food costs	-	1,773	-	-	-
Subrecipient costs	-	-	-	-	-
Equipment expenses	3,081	49,655	-	-	-
Insurance	-	6,000	8	2,775	-
Utility assistance	-	-	-	-	-
Telephone	-	40,125	-	-	-
Rent	-	118,740	-	-	-
Utilities	-	14,920	-	-	-
Vehicle expense	-	19,824	-	-	-
Postage	-	3,728	-	-	-
Other costs	-	117,850	1,652	117,490	-
	<u>7,637</u>	<u>1,572,011</u>	<u>8,886</u>	<u>223,613</u>	<u>59,962</u>
Increase <decrease> in net assets	-	-	<13,912>	246	863
Transfer costs to general	-	-	-	-	-
Net assets, beginning of year	-	-	<12,044>	<246>	1,982
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ &lt;25,956&gt;</u>	<u>\$ -</u>	<u>\$ 2,845</u>

TOTAL COMMUNITY ACTION, INC.

COMBINED STATEMENT OF ACTIVITIES - TEMPORARILY RESTRICTED CONTINUED

For the year ended December 31, 1999

	ORLEANS PRIVATE INDUSTRY COUNCIL	LOUISIANA DEPARTMENT OF LABOR WELFARE-TO-WORK	ORLEANS PRIVATE INDUSTRY COUNCIL	TAPE LIBRARY
<b>REVENUES</b>				
Grant appropriations	\$ 19,984	\$ 37,942	\$ 28,350	\$ -
Interest income	-	-	-	-
Other	<u>19,984</u>	<u>37,942</u>	<u>28,350</u>	<u>-</u>
<b>EXPENSES</b>				
Salaries	11,431	24,310	22,248	-
Fringe benefits	1,793	4,160	4,200	-
Travel	-	738	-	-
Contractual	-	-	-	-
Supplies	4,949	807	-	-
Food costs	-	-	-	-
Subrecipient costs	-	-	-	-
Equipment expenses	-	-	-	-
Insurance	-	-	-	-
Utility assistance	-	-	-	-
Telephone	-	675	-	-
Rent	1,811	4,781	-	-
Utilities	-	1,800	-	-
Vehicle expense	-	-	-	-
Postage	-	198	-	-
Other costs	<u>19,984</u>	<u>37,942</u>	<u>26,458</u>	<u>-</u>
Increase <decrease> in net assets	-	-	1,892	-
Transfer costs to general	-	-	-	-
Net assets, beginning of year	<u>&lt;740&gt;</u>	<u>-</u>	<u>-</u>	<u>24,695</u>
Net assets, end of year	<u>\$ &lt;740&gt;</u>	<u>\$ -</u>	<u>\$ 1,892</u>	<u>\$ 24,695</u>

TOTAL COMMUNITY ACTION, INC.

COMBINED STATEMENT OF ACTIVITIES – TEMPORARILY RESTRICTED CONTINUED

For the year ended December 31, 1999

	TCA PUBLIC COMPLEX	INDIRECT COST ACCOUNT	ELIMINATIONS	TOTAL
<b>REVENUES</b>				
Grant appropriations	\$ -	\$ -	\$ -	\$ 20,544,221
Interest income	-	-	-	313
Other	-	583,091	<583,091>	-
	-	583,091	<583,091>	20,544,534
<b>EXPENSES</b>				
Salaries	-	329,712	-	7,480,530
Fringe benefits	-	82,240	-	1,836,498
Travel	-	29	-	236,746
Contractual	-	73,788	-	672,542
Supplies	-	-	-	648,261
Food costs	-	-	-	795,445
Subrecipient costs	-	-	-	4,247,475
Equipment expenses	-	-	-	152,854
Insurance	-	5,611	-	125,445
Utility assistance	-	-	-	1,566,665
Telephone	-	-	-	102,803
Rent	-	3,585	-	578,352
Utilities	-	-	-	174,504
Vehicle expense	-	10,403	-	115,207
Postage	-	-	-	13,809
Other costs	-	52,545	<583,091>	1,828,638
	-	557,913	<583,091>	20,575,774
Increase <decrease> in net assets	-	25,178	-	<31,240>
Transfer costs to general	<594>	-	-	<6,775>
Net assets, beginning of year	594	<28,447>	-	111,711
Net assets, end of year	\$ -	\$ <3,269>	\$ -	\$ 73,696

**TOTAL COMMUNITY ACTION, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the year ended December 31, 1999**

<u>PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>EXPENDITURES</u>	<u>SUBRICIPIENT COSTS</u>
<b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Head Start – Full Year Center & Home Based & Training and Technical Assistance	93.600	\$ 14,320,790	\$ 3,021,915
Early Head Start	93.600	1,426,855	1,172,649
Passed through State of Louisiana:			
Head Start Summer Child Care Program	93.600	240,554	52,911
Home Energy Assistance Program	93.568	1,349,873	-
Community Services Block Grant	93.569	1,572,011	-
Project Independence	93.561	<u>59,962</u>	<u>-</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		<u>18,970,045</u>	<u>4,247,475</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed through State of Louisiana:			
Child Care Food Program	10.558	727,698	-
Needy Family Food Distribution	10.569	<u>148,474</u>	<u>-</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>		<u>876,172</u>	<u>-</u>
<b>U.S. DEPARTMENT OF ENERGY</b>			
Passed through State of Louisiana:			
Weatherization Assistance Program	81.042	<u>223,613</u>	<u>-</u>
<b>TOTAL U.S. DEPARTMENT OF ENERGY</b>		<u>223,613</u>	<u>-</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Passed through City of New Orleans:			
TCA Youth Entrepreneurship Program	14.218	16,515	-
MALE Encounter Center	14.218	<u>7,637</u>	<u>-</u>
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		<u>24,152</u>	<u>-</u>
<b>U.S. DEPARTMENT OF LABOR</b>			
Passed through State of Louisiana:			
Job Training Partnership Act	17.250	37,942	-
Passed through Orleans Private Industry Council:			
Welfare-to-Work Grants to State and Localities	17.253	<u>46,442</u>	<u>-</u>
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>		<u>84,384</u>	<u>-</u>
<b>TOTAL FEDERAL AWARDS</b>		<u>\$ 20,178,366</u>	<u>\$ 4,247,475</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. The Schedule of Expenditures of Federal Awards was prepared on the accrual basis of accounting.
2. The U.S. Department of Agriculture donated commodities to the Needy Family Food Distribution Program totaling \$843,556 for the year ended December 31, 1999.
3. The Head Start and Early Head Start grants require non-federal matching funds totaling 20% of the grant. The in-kind contributions totaled \$4,166,423 for the year ended December 31, 1999. The corporation was in compliance with the matching requirements of the grants.

# Justin J. Scanlan, C.P.A.

CERTIFIED PUBLIC ACCOUNTANT  
4769 ST. ROCH AVE. NEW ORLEANS, LOUISIANA 70122  
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## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors  
Total Community Action, Inc.

I have audited the financial statements of Total Community Action, Inc. as of and for the year ended December 31, 1999, and have issued my report thereon dated May 11, 2000. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether Total Community Action, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered Total Community Action, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect Total Community Action, Inc.'s ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 99-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information of the audit committee, management, others within the organization and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

New Orleans, Louisiana  
May 11, 2000

# Justin J. Scanlan, C.P.A.

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4769 ST. ROCH AVE. NEW ORLEANS, LOUISIANA 70122  
TELEPHONE: (504) 288-0050

## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRUCLAR A-133

Board of Directors  
Total Community Action, Inc.

### Compliance

I have audited the compliance of Total Community Action, Inc. with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended December 31, 1999. Total Community Action, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompany schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Total Community Action, Inc.'s management. My responsibility is to express an opinion on Total Community Action, Inc.'s compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that I 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 Total Community Action, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Total Community Action, Inc.'s compliance with those requirements. In my opinion, Total Community Action, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1999.

### Internal Control Over Compliance

The management of Total Community Action, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Total Community Action, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

I noted certain matters involving the internal control over compliance and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in my judgment, could adversely affect Total Community Action, Inc.'s ability to administer a major federal



program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as item 99-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe that none of the reportable conditions described above is a material weakness.

This report is intended for the information of the audit committee, management, others within the organization and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

New Orleans, Louisiana  
May 11, 2000

**TOTAL COMMUNITY ACTION, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the year ended December 31, 1999**

**SUMMARY OF THE AUDITOR'S RESULTS**

1. An unqualified opinion was issued on the financial statements of the Total Community Action, Inc.
2. Reportable conditions in internal control were disclosed by the audit of the financial statements and such conditions are not deemed material weaknesses.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of the Total Community Action, Inc.
4. Reportable conditions in internal control over major programs were disclosed by the audit and such conditions were not deemed material weaknesses.
5. An unqualified opinion was issued on compliance for major programs.
6. Audit findings relative to the major federal award programs for Total Community Action, Inc. are reported in this Schedule.
7. The major programs for the year ended December 31, 1999 consist of the following:
  1. Head Start-Full Year Center & Home Based & Training and Technical Assistance -- CFDA No. 93.600
  2. Early Head Start -- CFDA No. 93.600
  3. Head Start Summer Child Care Program -- CFDA No. 93.600
  4. Home Energy Assistance Program -- CFDA No. 93.568
  5. Community Services Block Grant -- CFDA No. 93.569
  6. Child Care Food Program -- CFDA No. 10.558
  7. Needy Family Food Distribution -- CFDA No. 10.569
8. The dollar threshold to distinguish between Type A and Type B programs was \$630,658.
9. The auditee did not qualify as a low-risk auditee.

**TOTAL COMMUNITY ACTION, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

**For the year ended December 31, 1999**

**FINDINGS – FINANCIAL STATEMENTS AUDIT OF REPORTABLE CONDITIONS**

The reportable conditions identified in the course of my testing during the current year consist of the following:

**99-1 Fiscal Monitoring**

Of the seventeen (17) active programs administered by Total Community Action, Inc. for the year ended December 31, 1999, the program costs of four (4) programs have exceeded revenues. While the program operating deficit approximates \$49,520, the corporation must raise non-federal dollars to fund the deficit.

I recommend the corporation initiate a fiscal monitoring program to assure that all programs operate within the federal/state approved funding. Monthly financial reports should be compared to approved budgets to assure the program operates within its financial constraints.

**FINDINGS – AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS  
AUDIT**

**ALL PROGRAMS**

**99-1 Fiscal Monitoring**

Of the seventeen (17) active programs administered by Total Community Action, Inc. for the year ended December 31, 1999, the program costs of four (4) programs have exceeded revenues. While the program operating deficit approximates \$49,520, the corporation must raise non-federal dollars to fund the deficit.

I recommend the corporation initiate a fiscal monitoring program to assure that all programs operate within the federal/state approved funding. Monthly financial reports should be compared to approved budgets to assure the program operates within its financial constraints.

**TOTAL COMMUNITY ACTION, INC.**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**For the year ended December 31, 1999**

The status of the prior year audit findings consist of the following:

	<u>Resolved</u>	<u>Unresolved</u>	<u>Current Year Finding</u>
98-1. Note receivable – EDU, Inc.	X		
98-2. Personnel costs	X		



**TOTAL COMMUNITY ACTION, INC.**  
P. O. BOX 13848 NEW ORLEANS, LOUISIANA 70185

**CORRECTIVE ACTION PLAN**

**FISCAL MONITORING - FINDING NO. 99-1**

The corporation has implemented a fiscal monitoring program to assure that all programs will operate within its federal/state approved funding. Monthly financial reports will be compared to approved budgets to assure the programs operate within its financial constraints. In addition, the agency's internal auditor will work closely with all programs while conducting an audit approximately every three months.

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