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Public Accountants

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**TOTAL COMMUNITY ACTION, INC.**  
**FINANCIAL STATEMENTS  
AND  
REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

**December 31, 1966**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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.

Revised Date 11-30-1967

**TOTAL COMMUNITY ACTION, INC.**

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John C. Todd, Jr., C.P.A., CPA  
Justin J. Scanlan, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS  
NEW ORLEANS, LOUISIANA  
504-586-0000 • 504-897-8997

INDEPENDENT AUDITORS' REPORT

Board of Directors  
Total Community Action, Inc.

We have audited the accompanying statement of financial position of Total Community Action, Inc. in conformity with the instructions as of December 31, 1996 and the related statements of activities, and cash flows for the period July 1, 1995 through December 31, 1996. These financial statements are the responsibility of Total Community Action, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of the Office of Management and Enterprise Control 6-33, "Audit of Institutions of Higher Education and Other Nonprofit Institutions." These 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 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. We believe that our audit provides a reasonable basis for our opinion.

In our 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, 1996, and the changes in net assets and cash flows for the period July 1, 1995 through December 31, 1996 in conformity with generally accepted accounting principles.

As observed in Note 4 to the financial statements, in 1996 the Corporation changed its method of accounting for contributions, investments, and its method of financial reporting and financial statement presentation.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying financial information listed in the table of contents is prepared for the purpose of additional analysis and is not a required part of the basic financial statements of Total Community Action, Inc. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued reports dated May 14, 1997, on our consideration of Total Community Action, Inc.'s internal control structure and a report dated May 14, 1997 on its compliance with laws and regulations.

*Justin J. Scanlan, CPA*  
*John C. Todd, Jr., CPA*

New Orleans, Louisiana  
May 14, 1997

ANNEX

American Institute of Certified Public Accountants • Society of Louisiana Certified Public Accountants

TOTAL COMMUNITY ACTION, INC.  
STATEMENT OF FINANCIAL POSITION

December 31, 1996

**ASSETS**

Cash, including certificates of deposit of \$176,419		\$ 276,049
Investment securities (Notes A3 and B)		344,070
Receivables		
Grant (Notes A3 and C)	\$ 1,871,678	
Travel advances	19,338	
Interest	1,043	
Economic Development Unit, Inc.	82,852	
Other	<u>      880</u>	1,955,811
State receivable (Note D)		841,388
Property and equipment - at cost (Notes A4 and E)		<u>          0</u>
Total assets		<u>\$ 3,408,238</u>

**LIABILITIES AND NET ASSETS**

Accounts payable and accrued liabilities		\$ 837,439
Prepaid contributions payable (Note F)		584,126
Due to delegate agencies		508,176
Commitments (Note G)		<u>          0</u>
Total liabilities		1,731,121
Net Assets		
Unrestricted	399,288	
Temporarily restricted	230,401	
Permanently restricted	<u>      825,473</u>	
Total net assets		<u>1,458,118</u>
Total liabilities and net assets		<u>\$ 3,189,239</u>

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

TOTAL COMMUNITY ACTION, INC.

STATEMENT OF CASH FLOWS

For the period July 1, 1993 through December 31, 1996

Increase (decrease) in cash and cash equivalents

Cash flows from operating activities:			
Increase in net assets			\$ 303,608
Adjustments to reconcile increase in net assets to net cash provided by operating activities:			
Depreciation	\$	291	
Unrealized appreciation on investments		< 2,098 >	
Changes in assets and liabilities:			
Increase in grant receivable		< 155,814 >	
Increase in other receivable		< 4,302 >	
Increase in interest receivable		< 1,649 >	
Decrease in receivable-EDU, Inc.		35,463	
Decrease in prepaid expenses		84,314	
Decrease in accounts payable and accrued liabilities		< 89,248 >	
Increase in pension contribution payable		594,126	
Increase in due delegate agencies		330,578	
Decrease in program advance		< 11,268,800 >	
Net cash provided by operating activities			368,885
Cash flows from investing activities:			
Purchase of investments			< 553,112 >
Net cash used in investing activities			< 553,112 >
Cash flows from financing activities:			
Payment of notes payable			< 177,202 >
Proceeds from note receivable			... 3,800
Net cash used in financing activities			< 173,402 >
Net increase in cash and cash equivalents			242,371
Cash and cash equivalents, beginning of period			... 32,199
Cash and cash equivalents, end of period			<u>\$ 274,570</u>

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

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

**December 31, 1996**

**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.

The corporation is supported primarily through grants from governmental agencies. Approximately 99% of the corporation's support for the period July 1, 1995 through December 31, 1996 came from these grants.

**2. Presentation of Financial Statements**

For December 31, 1996, the corporation has implemented the new disclosure and display requirements of 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. This reclassification had no effect on the change in 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 as unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

**4. Property and Equipment**

Depreciation is provided for its assets 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 period July 1, 1995 through December 31, 1996 totaled \$291.

TOTAL COMMUNITY ACTION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1996

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**

The Program elected to adopt SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations," in 1996. Under SFAS No. 124, 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 change in net assets.

6. **Receivables**

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

7. **Cash Equivalents**

For purposes of the statement of cash flow, 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 Value of Financial Investments**

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

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

**TOTAL COMMUNITY ACTION, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

December 31, 1996

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

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

Total columns are captioned "Memberships-Only" to indicate that they are presented only to assist with financial analysis. Data in these columns do not present financial position, results of operations 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 as December 31, 1996 consist of the following:

	<u>Fair Market</u>	
	<u>Value</u>	<u>Cost</u>
Government securities	\$ 273,273	\$ 279,239
Corporate bonds	34,598	33,461
Mutual funds - equity	152,589	143,808
Mutual funds - fixed income	44,627	36,879
	<u>\$ 505,187</u>	<u>\$ 503,387</u>

The unrealized appreciation for the period July 1, 1993 through December 31, 1996 totaled \$1,996. As of December 31, 1996, the cumulative unrealized appreciation totaled \$1,996.

**NOTE C - GRANTS RECEIVABLE**

The grant receivable consists of the following as of December 31, 1996:

Louisiana Department of Agriculture and Forestry	\$ 3,000
State of Louisiana Department of Social Services	255,960
City of New Orleans - Division of Housing And Urban Affairs	58,316
State of Louisiana - Department of Labor	126,683
State of Louisiana - Department of Education	117,312
U.S. Department of Health and Human Services	1,380,792
	<u>\$ 1,942,063</u>



**TOTAL COMMUNITY ACTION, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 1996**

**NOTE D - NOTE DESCRIBABLE**

On June 25, 1976, Total Community Action, Inc. entered into an agreement with Economic Development Unit, Inc. (EDU, Inc.) to disburse federal funds totaling \$306,245 to further the goals of the EDU, Inc. Total Community Action's CSA grant disbursed these funds during the 1976 and 1977 program years, with such disbursements being reported as investment capital expenditures on Total Community Action, Inc.'s CSA Grant financial statements for the years involved.

On July 5, 1978 EDU, Inc. entered into an agreement with Total Community Action, Inc. whereby the substance of the initial transaction (the expenditure of funds in the amount of \$586,295 as investment capital) was altered to include the funds previously expended even, in fact, a new interest-bearing loan made by Total Community Action, Inc. to EDU, Inc.

On April 23, 1987 Total Community Action, Inc. and EDU, Inc., agreed upon a new payment schedule relative to the balance of the loan \$640,200 as follows:

January 1, 1987 through December 31, 1987 -- no payments were required

January 1, 1988 through November 1, 2017 -- 300 principal payments of \$200 each were required

December 1, 2017 -- one (1) payment of \$49,744

The agreement also states that activities of EDU, Inc. shall be evaluated and monitored by Total Community Action, Inc. and shall be performed in accordance with Community Services Administration directives.

The aggregate maturity of the note receivable as of December 31, 1996 are as follows:

<u>December 31,</u>	
1997	\$ 4,000
1998	4,000
1999	4,000
2000	4,000
2001	4,000
Thereafter	<u>5,411,200</u>
<b>Total</b>	<b><u>5,441,200</u></b>

TOTAL COMMUNITY ACTION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1996

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 1996 consist of the following:

Property and equipment	\$ 51,826
Less accumulated depreciation	<u>(27,420)</u>
	\$ 24,406

Total Community Action, Inc. follows the practice of not capitalizing furniture, fixtures, equipment and leasedhold improvements with a useful life in state funds, since the government has a revolving account in such assets. These assets totaled \$221,144 at December 31, 1996.

NOTE F - PENSION PLAN

Total Community Action, Inc. sponsors a defined contribution employee pension plan covering all employees twenty-two years of age 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 \$819,213 for the period July 1, 1995 through December 31, 1996.

NOTE G - COMMITMENTS

The corporation leases its administrative and program office annually. The rental expense for the period July 1, 1995 through December 31, 1996 totaled \$631,186.

NOTE H - RELATED PARTY TRANSACTIONS

The principal provider 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 period July 1, 1995 through December 31, 1996 totaled \$299,116.

TOTAL COMMUNITY ACTION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1996

**NOTE H - RELATED PARTY TRANSACTIONS - CONTINUED**

Additionally, Total Community Action, Inc. presently provides administrative and technical assistance to a program it sponsored. This program sells hospital supplies to the public, its sponsors, and the private sector. 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 period July 1, 1995 through December 31, 1996 totaled \$49,894.

**NOTE I - PERMANENTLY RESTRICTED NET ASSETS**

Effective January 1, 1989 Total Community Action, Inc. became self-insured for employee unemployment compensation claims through the establishment of an unemployment insurance fund.

Transfers of \$4,234 were made from program funds to the unemployment insurance fund for the period July 1, 1995 through December 31, 1996, which is accounted for as revenue of the unemployment insurance funds and as an expense of the related program. The unemployment insurance fund contributes the unrestricted fund for all direct costs in administering the program and transfers of net income income earned on unemployment insurance funds to the unrestricted fund.

All known claims as of December 31, 1996 have been recorded in the financial statements.

**NOTE J - INCOME TAXES**

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

**NOTE K - BOARD OF DIRECTORS**

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

**TOTAL COMMUNITY ACTION, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 1996**

**NOTE L - CONTRACT COMPLIANCE - HEADSTART GRANT**

The Head Start Grant requires 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 \$5,097,628 for the period July 1, 1993 through December 31, 1996.

The corporation was in compliance with the matching requirement of the grant for the period July 1, 1993 through December 31, 1996.

**NOTE M - CONCENTRATION OF CREDIT RISK**

All bank accounts are adequately insured by the financial institutions as of December 31, 1996.

**NOTE N - CASH FLOW INFORMATION**

For the period July 1, 1995 through December 31, 1996, the interest paid totaled \$2,366.

**NOTE O - 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. received 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.

#### SUPPLEMENTAL INFORMATION



TOTAL COMMUNITY ACTIVITIES

COMPARISON OF THE ACTIVITIES OF THE PUBLIC LIBRARY - CONTINUED

For the period April 1, 1967 through December 31, 1968

	HABERY EXPENDITURE REVENUE	LIBRARY EDUCATION SERVICES	RECREATION SERVICES	TOTAL SERVICES REVENUE	TOTAL SERVICES EXPENDITURE	TOTAL SERVICES REVENUE	TOTAL SERVICES EXPENDITURE	PERCENT OF TOTAL	TOTAL
EXPENSES									
Administrative	\$ 14,121	\$ 14,121	\$ 2,400	\$ 16,521	\$ 16,521	\$ 16,521	\$ 16,521	21.22	\$ 122,177
Library	14,121	-	11,220	25,341	11,220	36,561	29.79	1,001,224	
Program funds	1,484	-	3,884	5,368	5,368	6,852	5.60	211,220	
Travel	144	-	-	-	-	288	0.23	8,417	
Construction	9,274	9,274	3,223	12,497	12,497	15,720	12.86	471,786	
Materials	1,583	11,220	-	12,803	12,803	16,386	13.41	500,400	
Food (rent)	-	-	-	-	-	-	-	-	1,071,724
Depreciation expense	-	-	-	-	-	-	-	-	3,881,772
Equipment expense	-	6,273	1,843	8,116	8,116	10,961	0.89	32,884	
Interest	-	-	-	-	-	-	-	-	24,400
Utilities	-	-	-	-	-	-	-	-	2,911,079
Telephone	-	-	-	-	-	-	-	-	24,400
Lighting	-	-	-	-	-	-	-	-	471,786
Books	-	-	-	-	-	-	-	-	21,220
Library program	-	-	-	-	-	-	-	-	14,121
Library program	-	-	-	-	-	-	-	-	11,220
Library program	-	-	-	-	-	-	-	-	1,484
Other (rent)	1,484	1,484	3,884	5,368	5,368	6,852	0.56	211,220	
	<u>26,173</u>	<u>25,815</u>	<u>24,604</u>	<u>76,592</u>	<u>76,592</u>	<u>76,592</u>	<u>62.48</u>	<u>2,336,625</u>	
Revenue - decrease in net asset	\$ 1,120	75	\$ 1,195	\$ 2,090	\$ 2,090	\$ 2,090	1.71	\$ 63,810	
Net assets beginning of period	\$ 422	-	-	-	-	-	-	\$ 422	\$ 1,001,224
Net assets end of period	\$ 2,122	\$ 75	\$ 1,195	\$ 3,392	\$ 3,392	\$ 3,392	2.78	\$ 2,000,000	\$ 2,000,000

NOTE: All figures tabulated in current dollars.

John C. Todd, Jr., c.p.a., pc  
Justin J. Semlan, c.p.a.

CERTIFIED PUBLIC ACCOUNTANTS  
NEW ORLEANS, LOUISIANA  
504-393-2000 • 504-393-2997

INDEPENDENT AUDITOR'S REPORT ON  
SCHEDULE OF FEDERAL AWARDS

Board of Directors  
Total Community Action, Inc.

We have audited the financial statements of Total Community Action, Inc., a non-profit corporation as of December 31, 1998 and for the period July 1, 1995 through December 31, 1998, and have issued our report thereon May 14, 1997. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget (OMB) Circular A-133, "Standards for Institutions of Higher Education and Other Recipients' Institutions." These standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the Total Community Action, Inc. taken as a whole. The accompanying Schedule of Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material aspects in relation to the basic financial statements taken as a whole.

*Justin J. Semlan, c.p.a.*  
*John C. Todd, Jr., c.p.a.*

New Orleans, Louisiana  
May 14, 1997

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## TOTAL COMMUNITY ACTION, INC.

## SCHEDULE OF FEDERAL AWARDS

For the period July 1, 1993 through December 31, 1996

PROGRAM/TITLE	GRANT NO.	GRANT PERIOD	FEDERAL CFDA NUMBER	EXPENSES (\$)
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<b>Direct Program:</b>				
Head Start Program	80C80471/01	07/01/95 - 12/31/95	93.600	\$ 4,364,783 *
	80C80471/01	01/01/96 - 12/31/96	93.600	11,365,700 *
<b>Passed through State of Louisiana:</b>				
Department of Social Services Home Energy Assistance Program	00070	07/01/93 - 12/31/93	93.560	607,619
	88718	01/01/96 - 12/31/96	93.560	1,100,217 *
<b>Project Independence:</b>				
	84906	05/01/85 - 08/31/96	93.561	87,145
	90964	09/01/96 - 12/31/96	93.561	21,689
<b>Department of Labor Community Services Block Grant - Houston:</b>				
	94508348	01/01/95 - 09/30/96	93.572	183,686
<b>Community Services Block Grant</b>				
	0090054	01/01/95 - 12/31/96	93.569	871,573 *
	9690054	01/01/96 - 12/31/96	93.569	1,100,822 *
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				<b>23,881,610</b>
<b>U.S. DEPARTMENT OF ENERGY</b>				
<b>Passed through State of Louisiana:</b>				
Department of Social Services				
Weatherization Program	00702	07/01/93 - 03/31/96	81.842	178,385
	00499	04/01/96 - 12/31/96	81.842	11,209
<b>TOTAL U.S. DEPARTMENT OF ENERGY</b>				<b>190,594</b>

## TOTAL COMMUNITY ACTION, INC.

## SCHEDULE OF FEDERAL AWARDS - CONTINUED

For the period July 1, 1992 through December 31, 1994

PROGRAM/TITLE	GRANT NO.	GRANT PERIOD	FEDERAL CFDA NUMBER	EXPENSES <sup>(1)</sup>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Passed through State of Louisiana:				
Department of Agriculture & Forestry				
Needy Family Food Distribution (Meat)	-	07/01/93 - 09/30/93	16-569	29,290 *
	-	10/01/93 - 09/30/94	16-569	138,330 *
	-	10/01/94 - 09/30/97	16-569	3,440 *
Department of Education				
Child Care Food Program	-	07/01/93 - 09/30/93	16-558	158,170 *
	-	10/01/93 - 09/30/94	16-558	408,790 *
	-	10/01/94 - 12/31/94	16-558	170,210 *
Passed through City of New Orleans:				
Needy Family Food Distribution		07/01/93 - 12/31/93	16-569	48,560 *
		01/01/94 - 12/31/94	16-569	<u>166,810 *</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>				<b>1,568,010</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
Passed through City of New Orleans:				
Library Education Services	CD958-162	01/01/94 - 12/31/94	14-218	33,630
HRMD, Total Community Action, Inc.	CD958-003	01/01/94 - 02/31/94	14-218	41,630
	CD958-003	01/01/94 - 12/31/94	14-218	77,760
TCA, Youth Entrepreneurship Program	CD960-011(BT)	01/01/95 - 12/31/95	14-218	96,890
TCA Public Complex		01/01/95 - 12/31/96	14-218	134,620
			14-218	<u>182,220</u>
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				<b>463,030</b>
<b>TOTAL FEDERAL AWARDS</b>				<b>\$ 20,858,711</b>

\* Denotes major program

John C. Todd, Jr., C.P.A., PC  
Justin J. Scanlan, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS  
NEW ORLEANS, LOUISIANA  
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
STRUCTURE BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors  
Total Community Action, Inc.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of Total Community Action, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with accurate, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are recorded in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities, if they nevertheless occur and are not detected. Also, perception of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of Total Community Action, Inc. for the period July 1, 1999 through December 31, 1999, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We would retain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Corporation's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

The reportable conditions noted are as follows:

1. **Travel advances**

The corporation has travel advances that are outstanding in excess of 90 days.

Recommended the corporation adhere to its established procedure with respect to travel advances.

MEMORANDUM

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**2. Personnel costs**

A review of the personnel costs noted the following:

1. Personnel use of the corporation's vehicle are not included on the employees W-2.
2. Employees are treated as subcontractors for services performed not in conjunction with their job function. They received a 9-2 and a 1099 in 1995 and 1996. An employee should not be treated as an employee and subcontractor.

Recommended the corporation review the personnel costs issues noted, and conform its practice to those promulgated by the Internal Revenue Service.

**3. Data Retrievable**

A review of the contractual agreements noted that Economic Development Unit, Inc. has not provided services in accordance with the terms of the contract.

Recommended the parties meet to discuss the terms of the contractual agreement, and amend the contract to include only those services which Economic Development, Inc. is able to provide.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of the board of directors, management, and the Legislative Auditors of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

New Orleans, Louisiana  
May 14, 1997

*John J. Seaton, CPA*  
*John J. Seaton, J. CPA*

**John C. Todd, Jr., c.p.a. PC**  
**Justin J. Scanlan, c.p.a.**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
STRUCTURE USED IN ADMINISTERING FEDERAL AWARDS**

Board of Directors  
Total Community Action, Inc.

We have audited the financial statements of Total Community Action, Inc. a non-profit corporation as of December 31, 1996 and for the period July 1, 1995 through December 31, 1996, and have issued our report thereon dated May 14, 1997. We have also audited the compliance of Total Community Action, Inc. with requirements applicable to major federal award programs and have issued our report thereon dated May 14, 1997.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-133, "Standards of Institutions of Higher Education and Other Nonprofit Institutions". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements and about whether Total Community Action, Inc. complied with laws and regulations, noncompliance with which would be material to a major federal award program.

In planning and performing our audit for the period July 1, 1995 through December 31, 1996, we considered the internal control structure of Total Community Action, Inc. in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements of Total Community Action, Inc. and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal award programs. We have addressed policies and procedures relevant to our audit of the financial statements in a separate report dated May 14, 1997.

The management of Total Community Action, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are recorded in accordance with management's authorizations and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal award programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal award programs in the following categories:

- Cash
- Investments
- Support, receivables, and receipts

**MEMBER**

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- Payroll records, facilities, and services
- Expenses for program, supporting services and accounts payable
- Payroll and related liabilities
- Property and equipment
- Notes payable
- Other liabilities
- Net assets
- Governmental financial assistance programs

#### **GENERAL REQUIREMENTS**

- Political activity
- Civil rights
- Cash management
- Federal financial reports
- Allowable costs and principles
- Drug-free workplace
- Administrative requirements

#### **SPECIFIC REQUIREMENTS**

- Types of services allowed or not allowed
- Eligibility
- Matching, level of effort, or cost-sharing and allowability of amounts claimed or used for matching
- Federal financial reports and claims for advanced and reimbursements
- Monitoring subagreements

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the period July 1, 1990 through December 31, 1990, Total Community Action, Inc. expended 90% of its total federal awards under major federal award programs.

We performed tests of controls, as required by OMB Circular A-110, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material non-compliance with specific requirements, general requirements, requirements governing claims for reimbursements, and amounts claimed or used for matching that are applicable to each of the Corporation's major federal award programs, which are identified in the accompanying Schedule of Federal Awards. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters relating to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Corporation's ability to administer federal award programs in accordance with applicable laws and regulations.

The reportable conditions noted are as follows:

#### **1. Travel Advances**

The corporation has travel advances that are outstanding in excess of 90 days.

Reverses when the corporation adheres to its established procedures with respect to travel advances.

2. **Personnel Costs**

A review of the personnel costs record the following:

1. Personal use of the corporation's vehicle are not included on the employee W-2.
2. Employees are treated as subcontractors for services performed out in conjunction with their job functions. They received a W-2 and a 2009 to 1993 and 1998. An employee should not be treated as an employee and subcontractor.

Recommend the corporation review the personnel costs issues noted, and conform its practice to those promulgated by the Internal Revenue Service.

3. **Other Receivable**

A review of the contractual arrangement noted that Economic Development Unit, Inc. has not provided services in accordance with the terms of the contract.

Recommend the parties meet to discuss the terms of the contractual agreement, and amend the contract to include only those services which Economic Development, Inc. is able to provide.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal award program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of the board of directors, management, and the Legislative Auditors of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

*Justin J. Sandoz, CPA*  
*John J. Jones, J. CPA*

New Orleans, Louisiana  
May 14, 2007

John C. Todd, Jr., C.P.A., PCA

Justin J. Scanlan, C.P.A.

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH EARLY-ADOPTED AUDITING STANDARDS**

Board of Directors  
Total Community Action, Inc.

We have audited the financial statements of Total Community Action, Inc. (a non-profit corporation) as of December 31, 1996 and for the period July 1, 1995 through December 31, 1996, and have issued our report thereon dated May 14, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Total Community Action, Inc. is the responsibility of Total Community Action, Inc.'s management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Total Community Action, Inc.'s compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the board of directors, management, and the Legislative Auditors of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

*Justin J. Scanlan, CPA*  
*John C. Todd, Jr., CPA*

New Orleans, Louisiana  
May 14, 1997

**MEMBER**

American Institute of Certified Public Accountants - Society of Louisiana Certified Public Accountants



**John C. Todd, Jr., C.P.A., CPA**  
**Justin J. Scanlan, C.P.A.**

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**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE  
TO FEDERAL AWARDS PROGRAMS**

Board of Directors  
Total Community Action, Inc.

We have audited the financial statements of Total Community Action, Inc. (a non-profit corporation) as of December 31, 1996 and for the period July 1, 1995 through December 31, 1996, and have issued our report thereon dated May 14, 1997.

We have applied procedures to test Total Community Action, Inc.'s compliance with the following requirements applicable to its federal award programs, which are identified in the accompanying Schedule of Federal Awards, for the period July 1, 1995 through December 31, 1996.

The general requirements are as follows:

- \* Political activity
- \* Civil rights
- \* Cash management
- \* Federal financial reports
- \* Allowable cost/expense principles
- \* Drug-free Workplace Act
- \* Administrative requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement to Audit of Educational Institutions and Other Nonprofit Institutions". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Total Community Action, Inc.'s compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

Material instances of non-compliance consist of failures to follow the general requirements that caused us to conclude that the maintenance resulting from these failures are material to Total Community Action, Inc. The results of our tests of compliance disclosed the material instances of non-compliance that are described in the accompanying Schedule of Findings and Questioned Costs.

We considered these material instances of non-compliance in forming our opinion on whether Total Community Action, Inc.'s 1995-1996 financial statements are presented fairly, in all material aspects, in conformity with generally accepted accounting principles, and this report does not affect our report dated May 14, 1997, on these financial statements.

**APPENDIX**

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Except as detailed above, the results of our procedures to determine compliance indicate that, with respect to the items tested, Total Community Action, Inc., complied, in all material respects, with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Total Community Action, Inc. had not complied, in all material respects, with those requirements.

This report is intended for the information of the board of directors, management, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

New Orleans, Louisiana  
May 14, 1997

*Anthony J. Lombardi, CPA*  
*John C. Jones, Jr., CPA*

John C. Todd, Jr., C.P.A. PC

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR  
FEDERAL AWARD PROGRAMS

Board of Directors  
Total Community Action, Inc.

We have audited the financial statements of Total Community Action, Inc. (a non-profit corporation) as of December 31, 1996 and for the period July 1, 1995 through December 31, 1996, and have issued our report thereon dated May 14, 1997.

We have also audited the compliance of Total Community Action, Inc. with the requirements governing types of income allowed or excluded, eligibility, matching, level of effort, or accounting, reporting claims for advances and overstatements, and amounts claimed or used for matching that are applicable to each of its major federal award programs, which are identified in the accompanying Schedule of Federal Awards, for the period July 1, 1995 through December 31, 1996. The management of Total Community Action, Inc. is responsible for the Corporation's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with these requirements in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-133, "Standards of Audits of Institutions of Higher Education and Other Recipients Institutions". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to in the second paragraph occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with these requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed instances of noncompliance with the requirements referred to above, which are described in the accompanying Schedule of Findings and Questioned Costs. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Total Community Action, Inc. complied, in all material respects, with the specific requirements referred to in the second paragraph that are applicable to each of its major federal award programs for the period July 1, 1995 through December 31, 1996.

This report is intended for the information of the board of directors, management, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

*Justin J. Scanlan, C.P.A.*  
*John C. Todd, Jr., C.P.A.*

New Orleans, Louisiana  
May 14, 1997

MEMBER

American Institute of Certified Public Accountants - Society of Louisiana Certified Public Accountants

**John C. Todd, Jr., CPA, PC**  
**Justin J. Semian, CPA**

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH SPECIFIC REQUIREMENTS APPLICABLE TO DONOR-OR  
FEDERAL AWARD PROGRAM TRANSACTIONS**

Board of Directors  
Total Community Action, Inc.

We have audited the financial statements of Total Community Action, Inc. (a nonprofit corporation as of December 31, 1996) and for the period July 1, 1995 through December 31, 1996, and have issued our report thereon dated May 14, 1997.

In connection with our audit of the financial statements of Total Community Action, Inc. and with our consideration of the Corporation's internal control structure used to administer federal award programs, as required by Office of Management and Budget (OMB) Circular A-133, "Standards of Institutions of Higher Education and Other Nonprofit Institutions," we selected certain transactions applicable to certain nonmajor federal award programs for the period July 1, 1995 through December 31, 1996. As required by OMB Circular A-133, we have performed auditing procedures to test compliance with the requirement governing types of services allowed or unallowed, eligibility that are applicable to these transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Total Community Action, Inc.'s compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of our procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Total Community Action, Inc. had not complied, in all material respects, with these requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with these requirements, which are described in the accompanying Schedule of Findings and Questioned Costs.

This report is intended for the information of the board of directors, management, and the Legislative Auditors of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

*Justin J. Semian, CPA*  
*John C. Todd, Jr., CPA*

New Orleans, Louisiana  
May 14, 1997

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**TOTAL COMMUNITY ACTION, INC.**  
**STATUS OF PRIOR YEAR AUDIT FINDINGS**  
**AND QUESTIONED COSTS**

**December 31, 1999**

There were no prior year existing findings and questioned costs.

TOTAL COMMUNITY ACTION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the period July 1, 1985 through December 31, 1986

Questioned  
Costs

1. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Daylight Program - CFDA No. 83-888; Grant No. N01H047003;  
Grant period - from ended December 31, 1983

GENERAL REQUIREMENTS

Statement of Condition: Financial status report (Form 129) has not been amended to agree with audited financial statements.

Criteria: The financial status report should be amended to reflect the first actual costs of the program.

Effect of Condition: The costs reported in the grantee is over stated.

Cause of Condition: The corporation did not amend Form 129 to agree with audited costs.

Recommendation: The financial status report should be amended to agree with the audited financial statements.

2. DEPARTMENT OF ENERGY

Weatherization Program - CFDA No. 81-042; Grant No. 0473;  
Grant Period 1/8/85 - 3/31/86

Statement of Condition: The difference between the actual costs to weatherize a house and the amount allocated were charged as additional program costs.

Criteria: The costs to weatherize a house cannot exceed the actual costs incurred.

Effect of condition: The costs may be disallowed.

Questioned Costs

Costs charged in excess of actual costs incurred totaled \$48,479. Prior to the issuance of the audit report the grantee returned the \$48,479 to the funding source.

TOTAL COMMUNITY ACTION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the period July 1, 1989 through December 31, 1990

Questioned  
Costs

2. DEPARTMENT OF ENERGY (CONTINUED)

Cause of condition:

Instructions received from program monitor relative  
to additional program support costs were misleading.

Recommendation:

Only actual costs incurred should be charged to program  
support.

Total Questioned Costs

\$ 2,000.00



TOTAL COMMUNITY ACTION, INC.  
P. O. BOX 12848 NEW ORLEANS, LOUISIANA 70188

MANAGEMENT'S RESPONSE TO AUDIT FINDINGS

1. Personnel costs

In 1997, the corporation will treat all employees/subcontractors as employees.

The corporation is presently reviewing the employee use of company vehicles. All personal use will be included on the employee 1997 W-2 as additional compensation when deemed applicable.

2. Travel advances

The corporation will enforce its policy that all travel advances be resolved within 90 days from the completion of the out-of-town travel.

3. Financial reports

All financial reports will be amended to reflect the audited costs.

4. Questioned costs

The questioned costs has been resolved prior to the issuance of the December 31, 1998 audit report.

