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**TOTAL COMMUNITY ACTION, INC.**

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

**December 31, 1968**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, cities and other appropriate public officials. This report is available for public inspection at the State House office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8-11-77

TOTAL COMMUNITY ACTION, INC.

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

CERTIFIED PUBLIC ACCOUNTANTS  
1017 OLD ORLEANS BOULEVARD  
100-228-0200 - 100-4417-0007

INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Total Community Action, Inc.

We have audited the accompanying statement of financial position of Total Community Action, Inc. in nonprofit corporation as of December 31, 1998 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. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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, 1998, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements of Total Community Action, Inc. as a whole. The accompanying financial information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of Total Community Action, Inc. The schedule of expenditures of federal awards is required by the U. S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." 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 a report dated May 20, 1999, on our consideration of Total Community Action, Inc.'s internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, and grants.

New Orleans, Louisiana  
May 20, 1999

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

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

December 31, 1978

		Total Memorandum Only December 31, 1977
<b>ASSETS</b>		
Cash, including certificates of deposit of \$187,128	\$ 295,128	\$ 729,775
Investment securities (Notes A-F and G)	714,198	640,401
Receivables		
Grants (Notes A-F and G)	1,941,296	1,779,200
Travel advances	6,568	4,168
Interest	2,695	2,589
Economic Development Unit, Inc.	84,187	88,772
Other	694	652
Notes receivable (Note D)	833,200	833,200
Property and equipment - at cost (Notes A-F and G)	27,865	36,895
<b>Total assets</b>	<b>\$ 3,475,128</b>	<b>\$ 3,667,691</b>
<b>LIABILITIES AND NET ASSETS</b>		
Notes payable (Note F)	\$ 408,889	\$ 116,889
Accounts payable and accrued liabilities	817,644	779,243
Provision-contribution payable (Note G)	705,890	641,810
Due to subscribers	489,774	419,813
Commitments (Note H)	-	-
<b>Total liabilities</b>	<b>1,602,197</b>	<b>1,957,755</b>
<b>Net Assets</b>		
Unrestricted	558,146	634,188
Temporarily restricted	111,701	189,549
Permanently restricted	785,281	888,079
<b>Total net assets</b>	<b>1,475,128</b>	<b>1,681,716</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,077,325</b>	<b>\$ 3,649,471</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, 1998

	DEBITED	TEMPORARILY RECORDED	IMMEDIATELY RECORDED	TOTAL	
				FOR THE YEAR	
				ENDING 12/31/98	ENDING 12/31/97
<b>REVENUE</b>					
Administrative funds		\$ 11,082.04	\$ -	\$ 11,082.04	\$ 10,846.63
State income		(1.00)	20.72	19.72	20.23
Local income		-	2,542	2,542	2,546
Local contributions		-	2,287	2,287	2,293
Other		-	2,287	2,287	2,293
Statewide miscellaneous activities		(2,111,000)	(1,328.82)	(3,439.82)	2,987
<b>TOTAL REVENUE</b>					
				\$ 2,460.24	\$ 2,987
<b>EXPENSE</b>					
Admin	\$ 2,812.88			\$ 2,812.88	\$ 2,828.28
Programs	1,911.27			1,911.27	1,911.27
Travel	461.04		3.89	464.93	464.93
Construction	1,277.00			1,277.00	1,278
Supplies	23,000			23,000	22,972
Local fees	49,000			49,000	48,200
Professional fees	245,000			245,000	243,428
Equipment repairs	25,000			25,000	25,000
Interest	176,400			176,400	176,275
Utilities	249,450			249,450	249,400
Real	500.00			500.00	500.00
Real	177,000			177,000	176,800
Utilities	44,700			44,700	44,700
Public expense	10,000			10,000	10,000
Printing	34,700			34,700	34,600
Other Costs	1,400,000			1,400,000	1,395,000
<b>TOTAL EXPENSES</b>					
	\$ 2,726.88		\$ 3.89	\$ 2,730.77	\$ 2,730.77
Revenue decrease (to net assets)					
			\$ 2,730.77	\$ 2,730.77	\$ 2,730.77
Balance of funds in funding events					
Net assets, beginning of year					
Net assets, end of year					

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, 1998

Increase (decrease) in cash and cash equivalents

Cash flows from operating activities:		\$ < 103,410
Decrease in net assets		
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	\$ 12,530	
Unrealized appreciation on investments	= 23,365	
Gain on sale of accounts	= 9,090	
Changes in assets and liabilities:		
Increase in grant receivable	< 112,094	
Increase in other receivable	< 42	
Increase in interest receivable	< 300	
Decrease in receivable-PDA, Inc.	14,403	
Increase in travel advances	< 191	
Decrease in accounts payable and accrued liabilities	= 163,101	
Increase in pension contribution payable	60,986	
Increase in due to subscribers	<u>69,428</u>	
Net cash used in operating activities		<u>&lt; 362,000</u>
Cash flows from investing activities:		
Purchase of investments	< 112,310	
Proceeds from sale of investments	<u>263,992</u>	
Net cash used in investing activities		<u>&lt; 66,418</u>
Cash flows from financing activities:		
Payment of notes payable	= 10,000	
Proceeds from note receivable	2,000	
Proceeds from note payable	<u>21,000</u>	
Net cash used in financing activities		<u>&lt; 5,000</u>
Net <decrease> in cash and cash equivalents		= 419,818
Cash and cash equivalents, beginning of year		<u>728,772</u>
Cash and cash equivalents, end of year		<u>\$ 288,954</u>

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

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

December 31, 1998

**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 institute such business and financial measures as may be available to combat poverty in New Orleans.

**2. Presentation of Financial Statements**

The corporation's financial statements are prepared 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 classified 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.

**4. Depreciation 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 reported for the year ended December 31, 1998 totaled \$12,535.

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

**December 31, 1998**

**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 \$1,000.

**5. Investment Securities**

Under FASB No. 115, "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 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 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 those 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, 1998

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

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

Total columns are captioned "Intercompany 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 susceptible to a consolidation.

**NOTE B - INVESTMENT SECURITIES**

Investment securities, cost and approximate market value at December 31, 1998 consist of the following:

	Fair Market Value	Cost
Government securities	\$ 364,406	\$ 364,406
Mutual funds - equity	368,871	328,598
Mutual funds - Fixed Income	925	925
	<u>\$ 734,198</u>	<u>\$ 693,929</u>

The unrealized appreciation for the year ended December 31, 1998 totaled \$23,263. As of December 31, 1998, the cumulative unrealized appreciation totaled \$38,700.

**NOTE C - GRANTS RECEIVABLE**

The grants receivable consist of the following as of December 31, 1998:

State of Louisiana Department of Social Services	\$ 907,611
City of New Orleans - Division of Housing And Urban Affairs	607,867
State of Louisiana - Department of Labor	366,430
State of Louisiana - Department of Education	196,779
U.S. Department of Health and Human Services	662,897
	<u>\$ 2,741,584</u>

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

**December 31, 1978**

**NOTE D - NOTE RECEIVABLE**

On June 20, 1976, Total Community Action, Inc. entered into an agreement with Economic Development Unit, Inc. (EDU, Inc.) to disburse federal funds totaling \$368,245 to further the goals of EDU, Inc. Total Community Action's USA 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 USA Grant financial statements for the years involved.

On July 3, 1979 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 \$368,245 as investment capital) was altered to indicate the funds previously expended were, in fact, a non-interest bearing loan made by Total Community Action, Inc. to EDU, Inc.

On April 15, 1987 Total Community Action, Inc. and EDU, Inc. agreed upon a new payment schedule relative to the balance of the note (\$368,208) as follows:

January 3, 1987 through December 31, 1987 - no payments were required

January 3, 1988 through November 1, 1987 - 369 principal payments of \$500 each were required

December 1, 1987 - one (1) payment of \$168,708

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 Service Administration directives.

The aggregate maturities of the note receivable as of December 31, 1978 are as follows:

December 31,	
1979	\$ 10,000
2000	6,000
2001	6,000
2002	6,000
Thereafter	\$ 340,208
Total	\$ 368,208

Total Community Action, Inc. and EDU, Inc. have agreed to temporarily suspend payments while negotiations are being held to wrap the balance of the note receivable in an interest in the real estate complex that serves as the administrative and program offices of Total Community Action, Inc.

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

December 31, 1998

**NOTE E - PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 1998 consisted of the following:

Property and equipment	\$ 2,400
Transportation equipment	58,789
	41,000
Less accumulated depreciation	(5,18,170)
	<u>\$ 21,819</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 \$380,682 at December 31, 1998.

**NOTE F - NOTES PAYABLE**

The notes payable consists of the following as of the December 31, 1998:

Notes payable to bank, a \$100,000 revolving line of credit due 1/30, 1999, at a 9% interest rate. The note is secured by a certificate of deposit totaling \$120,140. \$ 84,075

Notes payable to Total Community Action Federal Credit Union due October, 2000. Payable in monthly installments of \$1,210 including interest at the rate of 10%. The note is secured by transportation equipment totaling \$10,000. 35,514  
\$ 109,589

The interest expense for the year ended December 31, 1998 totaled \$2,973.

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

Year ended December 31,	
1999	\$ 87,500
2000	11,800
	<u>\$ 99,300</u>

**TOTAL COMMUNITY ACTION, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 1998**

**NOTE G - PENSION PLAN**

Total Community Action, Inc. sponsors a defined contribution employee pension plan covering all employees forty-five 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 5.0% or \$200,890 for the year ended December 31, 1998.

**NOTE H - COMMITMENTS**

The corporation leases its administrative and program offices annually. The rental expense for the year ended December 31, 1998 totaled \$307,965.

**NOTE I - 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 year ended December 31, 1998 totaled \$234,828.

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 fare to the BRAT 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, 1998 totaled \$148,730.

In 1997, the corporation owes \$24,914 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 (5%) was comparable to that charged by various financial institutions.

**NOTE J - PERMANENTLY RESTRICTED NET ASSETS**

Effective January 1, 1999 Total Community Action, Inc. begins fulfillment for employee unemployment compensation claims through the establishment of an unemployment insurance fund.

Transfers of \$19,084 were made from program funds to the unemployment insurance fund for the year ended December 31, 1998, which is accounted for as a portion of the unemployment insurance funds 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 income earned on unemployment insurance funds to the unrestricted fund.

All known claims as of December 31, 1998 have been recorded in the financial statements.

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

**December 31, 1998**

**NOTE K - INCOME TAXES**

The corporation is exempt from corporate 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 10% 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 \$4,265,027 for the year ended December 31, 1998.

The corporation was in compliance with the matching requirements of the grants for the year ended December 31, 1998.

**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, 1998 totaled \$8,717.

**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, 1998

**NOTE P - ECONOMIC DEPENDENCY - CONTINUED**

The corporation is supported primarily through grants from governmental agencies. Approximately 99% of the operating support for the year ended December 31, 1998 came from these grants.

## **SUPPLEMENTAL INFORMATION**

**TOTAL COMMUNITY ACTION, INC.**

**COMBINED STATEMENT OF ACTIVITIES - TEMPORARILY RESTRICTED**

For the year ended December 31, 1998

	HEAD-START SERVICES	CHILD CARE FOOD PROGRAM	EARLY READ START	TOTAL START PROGRAMS/CHILD CARE PROGRAM	HOUSING ASSISTANCE PROGRAM
<b>REVENUES</b>					
Grant appropriations	\$ 14,020.00	\$ 77,724	\$ 1,087,230	\$ 260,985	\$ 2,800,000
Interest income	45.11	-	-	-	44
Other	14,180.71	77,724	1,087,230	260,985	2,800,015
<b>EXPENSES</b>					
Salaries	2,119,578	463,678	304,460	126,620	-
fringe benefits	1,268,422	118,973	21,525	11,967	2,996
Tenants	395,212	-	9,800	7,487	1,412
Construction	1,061,611	3,460	65,366	262	268
Supplies	781,246	47,342	92,625	9,269	11,024
Food costs	418,178	93,227	-	-	-
Administrative costs	2,022,912	-	875,488	64,225	-
Insurance expenses	395,288	-	-	2,665	-
Business	164,216	-	-	2,665	-
Utility expenses	96,973	-	-	-	1,664
Telephone	-	-	-	-	2,996
Subscriptions	-	-	-	-	2,128
Rent	265,224	-	-	-	-
Utilities	30,069	-	-	-	62,811
Depreciation	47,468	-	-	-	1,411
Vehicle expenses	9,428	-	-	1,240	1,411
Printing	9,428	-	-	-	3,777
Other costs	1,886,488	31,926	96,273	1,647	68,171
	<u>14,226,711</u>	<u>77,724</u>	<u>1,087,230</u>	<u>260,985</u>	<u>2,800,015</u>
Balance - Commencement of year	-	-	-	113	-
Net assets, beginning of year	-	-	-	-	-31,228
Net assets, end of year	-	-	-	-	1,112,281



TOTAL COMMUNITY ACTION, INC.

COMBINED STATEMENT OF ACTIVITIES - TEMPORARILY RESTRICTED CONTRIBUTIONS

For the year ended December 31, 1999

	ELIGIBLE AND RECORDED CONTRIBUTOR CONTRIBUTIONS	TOTAL WITH EXTRACURRICULAR CONTRIBUTIONS	FOOD DONATIONS FROM CITY OF MEMPHIS	COMMUNITY FOOD PARTICIPATION PROGRAM	LITERACY PROMOTION PROGRAM
<b>EXPENSES</b>					
Cost of operations	\$ 27,261	\$ 29,046	\$ 41,000	\$ 14,376	\$ -
Deermeat Income	-	-	-	-	-
Other	<u>27,261</u>	<u>29,046</u>	<u>41,000</u>	<u>14,376</u>	<u>-</u>
<b>EXPENSES</b>					
Salaries	11,118	20,210	41,010	4,000	-
Fringe benefits	1,296	4,207	3,410	4,000	-
Trip	-	-	-	-	-
Contracted	-	-	22,304	4,176	876
Supplies	-	-	1,026	307	-
Food costs	-	-	-	-	-
Subscriptions	-	-	-	4,207	-
Equipment repairs	-	-	-	1,368	-
Insurance	34,724	-	-	-	-
Utility expenses	10	779	-	2,360	-
Telephone	10	474	264	4,000	-
Rent	3,112	1,241	1,064	528	-
Utilities	-	1,241	91	528	-
Vehicle expense	-	-	2,400	676	-
Printing	-	-	411	323	-
Other costs	5,491	-	27	100	88
	<u>64,352</u>	<u>30,238</u>	<u>69,232</u>	<u>19,826</u>	<u>1,056</u>
Income - Deermeat in cost report	65,710	150	4,200	4,200	4,200
Net assets, beginning of year	148,648	1,262	-	3,476	4,200
Net assets end of year	\$ 148,648	\$ 1,262	\$ 4,200	\$ 3,476	\$ 4,200

ROYAL COMMUNITY ACTION, INC.

COMBINED STATEMENT OF ACTIVITIES - TEMPORARILY RESTRICTED - (CONTINUED)

For the year ended December 31, 1998

	COMMUNITY SERVICES (MAYOR COUNTY) PROGRAM	HOPE, TOTAL COMMUNITY ACTION PROGRAM	WELFARE/RELIEF PROGRAM	PROJECT HOPE/VOICE PROGRAM	WILLIAM PERRY/INDUSTRY COUNCIL
<b>REVENUES</b>					
Grant appropriations	\$ 1,601,275	\$ 111,750	\$ 10,000	\$ 61,100	\$ 17,399
Interest income	-	-	-	-	-
Other	1,601,275	111,750	10,000	61,100	17,399
<b>EXPENSES</b>					
Salaries	66,415	4,074	20,540	10,070	10,000
Project benefits	190,962	1,608	5,076	4,618	1,420
Travel	20,794	-	-	314	-
Contractual	-	-	-	16,288	-
Supplies	65,477	1,000	66,267	3,118	5,186
Food costs	4,205	-	-	-	-
Business plan costs	91,285	-	-	-	-
Equipment expenses	10,000	1,000	1,500	-	-
Services	-	-	-	-	-
Utility expenses	66,067	-	-	-	-
Travel	122,000	-	-	-	-
Other	17,467	-	-	-	1,280
Utilities	27,754	-	-	-	-
Vehicle expense	1,810	-	-	-	-
Printing	10,000	-	-	-	-
Other food	100,000	67,414	6,121	-	-
	<u>1,000,000</u>	<u>100,000</u>	<u>100,000</u>	<u>10,000</u>	<u>17,399</u>
Income allocation - to all funds	-	6,071	41,665	1,716	4,180
Net assets, beginning of year	-	250,116	1,300	11,236	-
Net assets, end of year	-	\$ 1,126,862	\$ 1,111,265	\$ 1,161	\$ 1,161

**TOTAL COMMUNITY ACTION, INC.**

**COMBINED STATEMENT OF ACTIVITIES - TEMPORARILY RESTRICTED - CONTINUED**

For the year ended December 31, 2008

	TYPE LIABILITY	TCA PUBLIC PROGRAMS	PROPERTY FOUNT ACCOUNT	LIABILITIES	TOTAL
<b>REVENUES</b>					
Grant appropriations	\$ -	\$ -	\$ -	\$ -	\$ 1,118,205
Interest income	-	-	-	-	4,655
Other	-	-	(81,111)	(81,111)	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(81,111)</u>	<u>1,118,205</u>
<b>EXPENSES</b>					
Salaries	-	-	11,071	-	11,071
Fringe benefits	-	-	11,344	-	11,344
Travel	-	-	-	-	318,597
Contractual	-	-	12,242	-	1,277,656
Supplies	-	-	29	-	11,529
Fuel costs	-	-	-	-	(41,856)
Administrative costs	-	-	-	-	3,869,971
Program expenses	-	-	68	-	2,003,111
Business	-	-	6,712	-	1,979,446
Utility expenses	-	-	-	-	1,070,006
Telephone	-	-	2,580	-	17,841
Other	-	-	-	-	162,325
Utilities	-	-	9,004	-	6,484
Vehicle expense	-	-	-	-	19,383
Insurance	-	-	-	-	(1,287,420)
Other costs	-	-	(87,229)	-	-
	<u>-</u>	<u>-</u>	<u>(18,723)</u>	<u>(1,350,552)</u>	<u>(1,350,552)</u>
Increase (decrease) in net assets	\$ 1,118	-	21,348	-	\$ 17,574
Net assets, beginning of year	-	(14)	(1,118,002)	-	(1,118,002)
Net assets, end of year	<u>\$ 1,118</u>	<u>\$ 14</u>	<u>(1,118,002)</u>	<u>\$ -</u>	<u>\$ 1,118</u>

**TOTAL COMMUNITY ACTION, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the year ended December 31, 1998

<b>PROGRAM/TITLE</b>	<b>FEDERAL CFDA NUMBER</b>	<b>EXPENSES</b>	<b>SUBSEQUENT CASH</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Fiscal Year - Full Year Center & Home Based 4 (Training and Technical Assistance)	14.000	\$ 14,544,074	\$ 2,000,000
Early Head Start	14.000	1,000,000	100,000
Fiscal Through State of Louisiana:			
Head Start Income Child Care Program	14.704	264,000	40,000
Home Energy Assistance Program	14.704	4,000,000	-
Community Service Block Grant	14.704	1,004,000	-
Project Independence	14.704	45,000	-
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		<b>17,857,074</b>	<b>2,540,000</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Fiscal Through State of Louisiana:			
Child Care Food Program	14.504	707,500	-
Meatly Feeding Food Distribution	14.504	144,000	-
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>		<b>851,500</b>	<b>-</b>
<b>U.S. DEPARTMENT OF ENERGY</b>			
Fiscal Through State of Louisiana:			
Weatherization Assistance Program	14.604	64,000	-
<b>TOTAL U.S. DEPARTMENT OF ENERGY</b>		<b>64,000</b>	<b>-</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Fiscal Through City of New Orleans:			
504 Youth Entrepreneurship Program	14.204	44,000	-
HOME Voucher Community Action	14.204	107,000	-
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		<b>151,000</b>	<b>-</b>
<b>U.S. DEPARTMENT OF LABOR</b>			
Fiscal Through/Center-Based Safety Council			
Job Training Partnership Act	14.500	17,000	-
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>		<b>17,000</b>	<b>-</b>
<b>TOTAL FEDERAL AWARDS</b>		<b>\$19,730,574</b>	<b>\$2,540,000</b>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

- The Schedule of Expenditures of Federal Awards was prepared on a accrual basis of accounting.
- The U.S. Department of Agriculture (related to the Meatly Feeding Food Distribution Program) ending 9/30/98 for the year ended December 31, 1998.

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

**CERTIFIED PUBLIC ACCOUNTANTS**  
NEW ORLEANS, LOUISIANA  
504-582-0000 • 504-887-8907

**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.**

We have audited the financial statements of Total Community Action, Inc. as of and for the year ended December 31, 1998, and have issued our report thereon dated May 20, 1999. We conducted our 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 misstatements, we 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 these provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Total Community Action, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our 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 items 96-1 and 98-1.

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 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 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

operable conditions that are also considered to be material weaknesses. However, we 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 those specified parties.

New Orleans, Louisiana

May 28, 1999

*John C. Jones, C. RA.*  
*Director of Planning, CAS*

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

**CERTIFIED PUBLIC ACCOUNTANTS**  
NEW ORLEANS, LOUISIANA  
504-588-0000 • 504-587-0007

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

Board of Directors  
Total Community Action, Inc.

**Compliance**

We 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, 1998. Total Community Action, Inc.'s major federal programs are identified in the summary of auditor's results portion 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. Our responsibility is to express an opinion on Total Community Action, Inc.'s compliance based on our audit.

We conducted our 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, "Standards of Status, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Total Community Action, Inc.'s compliance with these requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Total Community Action, Inc.'s compliance with these requirements.

In our 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, 1998.

**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 our audit, we 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 our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters relating to the situation relating to significant deficiencies in the design or operation of the internal control over compliance that, in our 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 items 18-2.

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. Our 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, we 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 those specified parties.



John C. Ford, Jr., CPA  
Director of Auditing, CAS

New Orleans, Louisiana  
May 28, 1999



**TOTAL COMMUNITY ACTION, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the year ended December 31, 1998**

**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 were 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, 1998 consist of the following:
  1. Head Start-Full Year Center & Home Based & Training and Technical Assistance - CFDA No. 91.000
  2. Early Head Start - CFDA No. 91.000
  3. Head Start Summer (Child Care Program) - CFDA No. 91.000
  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 \$651,121.
9. The audits did not qualify as a low-risk audits.

**TOTAL COMMUNITY ACTION, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

For the year ended December 31, 1998

**II. 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 Not Accruals**

A review of the contractual arrangement 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.

**99-2 Excessed Costs**

Based upon individual job functions and duties, Total Community Action, Inc. classifies certain individuals as subcontractors instead of employees.

Recommended the organization review the classification of individuals as subcontractors instead of employees, and conform its practice to the rules promulgated by the Internal Revenue Service.

TOTAL COMMUNITY ACTION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For the year ended December 31, 1998

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS  
ABRCE

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

**ALL PROGRAMS**

**98-2 Personnel Costs**

Based upon individual job functions and duties, Total Community Action, Inc. classifies certain individuals as subcontractors instead of employees.

Recommend the organization review the classification of individuals as subcontractors instead of employees, and conform its practice to the rules promulgated by the Internal Revenue Service.

**TOTAL COMMUNITY ACTION, INC.**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**  
**For the year ended December 31, 1998**

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

		<u>Resolved</u>	<u>Unresolved</u>	<u>Current Year Finding</u>
1.	Travel advances	X		
2.	Notes receivable-TCAI, Inc.		X	98-1
3.	Cash	X		



TOTAL COMMUNITY ACTION, INC.  
P. O. BOX 13846 NEW ORLEANS, LOUISIANA 70186

### CORRECTIVE ACTION PLAN

#### NOTE RECEIVABLE - FINDING NO. 98-1

The corporation is still currently in negotiations with Economic Development unit, Inc. to resolve the contract compliance issues. Because of the legal ramifications of the decisions that have to be made, the negotiations have taken longer than anticipated. It is expected that the contract issues will be resolved by the end of the year barring any unforeseen obstacles.

#### PERSONNEL COSTS - FINDING NO. 98-1

The corporation is currently reviewing the classifications of individuals as subcontractors instead of employees to conform its practices to the rules promulgated by the Internal Revenue Service.

AN EQUAL OPPORTUNITY EMPLOYER

