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**TOTAL COMMUNITY ACTION, INC.**

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

**December 31, 2003**

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

Release Date 8-4-04

**TOTAL COMMUNITY ACTION, INC.**

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

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Total Community Action, Inc.

I have audited the accompanying statement of financial position of Total Community Action, Inc. (a nonprofit corporation) as of December 31, 2003 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Total Community Action, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit. The prior year summarized comparative information has been derived from the Corporation's 2002 financial statements and, in my report dated May 20, 2003, I expressed an unqualified opinion on these financial statements.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Total Community Action, Inc. as of December 31, 2003, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated June 3, 2004, on my consideration of Total Community Action, Inc.'s internal control structure over financial reporting and my tests of its compliance with laws, regulations, contracts, and grants. This report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

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

*Justin J. Scanlan, CPA*

New Orleans, Louisiana  
June 3, 2004

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

**December 31, 2003**

	<b>ASSETS</b>	<b>TOTAL MEMORANDUM ONLY <u>December 31, 2002</u></b>
Cash, including certificates of deposit of \$193,137	\$ 792,023	\$ 947,761
Investment securities (Notes A5 and B)	660,737	634,759
Receivables		
Grants (Notes A6 and C)	\$ 1,736,259	1,218,596
Travel advances	764	774
Interest	2,577	565
Subrecipients	-	54,179
Other	<u>62,337</u>	<u>58,334</u>
	<u>1,801,937</u>	<u>1,332,448</u>
Property and equipment-at cost (Note A4 and D)	28,796	43,194
Economic interest – Economic Development Unit, Inc. (Note E)	<u>433,200</u>	<u>433,200</u>
Total assets	<u>\$ 3,716,693</u>	<u>\$ 3,391,362</u>
	<b>LIABILITIES AND NET ASSETS</b>	
Notes payable (Note F)	\$ 95,958	\$ 123,106
Accounts payable and accrued liabilities	1,083,138	811,344
Pension contribution payable (Note G)	<u>880,907</u>	<u>837,934</u>
Total liabilities	2,060,003	1,772,384
Commitments (Note H)	-	-
Net assets		
Unrestricted	1,004,813	968,696
Temporarily restricted	105,904	77,052
Permanently restricted	<u>545,973</u>	<u>573,230</u>
Total net assets	<u>1,656,690</u>	<u>1,618,978</u>
Total liabilities and net assets	<u>\$ 3,716,693</u>	<u>\$ 3,391,362</u>

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

**TOTAL COMMUNITY ACTION, INC.**

**STATEMENT OF ACTIVITIES**

For the year ended December 31, 2003

	TOTAL			
	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>MEMORANDUM ONLY December 31, 2002</u>
<b>REVENUES</b>				
Government grants	\$ -	\$ 25,034,456	\$ -	\$ 27,589,571
Investment income (Note B)	8,027	5,245	29,768	26,733
Fund raising, net of direct expenses of \$3,453	4,469	-	-	7,661
Unrealized appreciation <depreciation> on investment securities	-	-	<10,646>	45,212
Other	19,807	-	15,014	252,707
Net assets released from restrictions	<u>25,072,242</u>	<u>&lt;25,010,849&gt;</u>	<u>&lt;61,393&gt;</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<u>25,104,545</u>	<u>28,852</u>	<u>&lt;27,257&gt;</u>	<u>27,921,884</u>
<b>EXPENSES</b>				
Salaries	9,163,213	-	-	8,748,554
Fringe benefits	2,429,012	-	-	2,223,388
Travel	86,164	-	-	133,194
Contractual	220,965	-	-	458,583
Supplies	770,059	-	-	962,700
Food costs	874,435	-	-	815,846
Subrecipient costs	6,170,718	-	-	5,988,692
Equipment expense	272,461	-	-	498,648
Insurance	275,982	-	-	298,512
Utility assistance	409,567	-	-	2,733,777
Telephone	122,741	-	-	97,336
Rent	693,968	-	-	648,676
Utilities	285,137	-	-	251,244
Vehicle expense	131,116	-	-	105,919
Postage	26,401	-	-	47,710
Other costs	<u>3,136,489</u>	<u>-</u>	<u>-</u>	<u>3,546,361</u>
<b>TOTAL EXPENSES</b>	<u>25,068,428</u>	<u>-</u>	<u>-</u>	<u>27,559,140</u>
Increase <decrease> in net assets	36,117	28,852	<27,257>	362,744
Net assets - beginning of year	<u>968,696</u>	<u>77,052</u>	<u>573,230</u>	<u>1,256,234</u>
Net assets, end of year	<u>\$ 1,004,813</u>	<u>\$ 105,904</u>	<u>\$ 545,973</u>	<u>\$ 1,618,978</u>

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

**TOTAL COMMUNITY ACTION, INC.**

**STATEMENT OF CASH FLOWS**

**For the year ended December 31, 2003**

Increase <decrease> in cash and cash equivalents		
Cash flows from operating activities:		
Increase in net assets		\$ 37,712
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Unrealized depreciation of investments	\$ 10,646	
Depreciation expense	14,398	
Loss on sale of securities	6,082	
Changes in assets and liabilities:		
Increase in grants receivable	< 517,663 >	
Decrease in travel advances	10	
Increase in accrued interest	< 2,012 >	
Decrease in due from subrecipients	54,179	
Increase in other receivables	< 4,003 >	
Increase in accounts payable and accrued liabilities	271,794	
Increase in pension contribution payable	<u>42,973</u>	<u>&lt; 123,596 &gt;</u>
Net cash used in operating activities		<u>&lt; 85,884 &gt;</u>
Cash flows from investing activities:		
Purchase of investments		< 74,795 >
Proceeds from sale of investments		<u>32,089</u>
Net cash used in investing activities		<u>&lt; 42,706 &gt;</u>
Cash flows from financing activities:		
Payment of notes payable		<u>&lt; 27,148 &gt;</u>
Net cash used in financing activities		<u>&lt; 27,148 &gt;</u>
Net decrease in cash and cash equivalents		< 155,738 >
Cash and cash equivalents, beginning of year		<u>947,761</u>
Cash and cash equivalents, end of year		<u>\$ 792,023</u>

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

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

**December 31, 2003**

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

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

**1. Nature of Activities**

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

**2. Presentation of Financial Statements**

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

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

**3. Revenue Recognition**

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

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

**4. Property and Equipment**

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, principally on the straight-line method. The depreciation expense for the year ended December 31, 2003 totaled \$14,398.

**TOTAL COMMUNITY ACTION, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2003**

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

**4. Property and Equipment - continued**

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

**5. Investment Securities**

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

**6. Receivables**

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

**7. Cash Equivalents**

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

**8. Estimates**

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

**9. Fair Values of Financial Investments**

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

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



**TOTAL COMMUNITY ACTION, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2003**

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

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

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

**NOTE B - INVESTMENT SECURITIES**

Investment securities, cost and approximate market value at December 31, 2003, consist of the following:

	<b>Fair Market Value</b>	<b>Cost</b>
Corporate bonds	\$ 19,990	\$ 19,003
Government securities	488,131	489,155
Mutual funds	<u>152,616</u>	<u>157,119</u>
	<u>\$ 660,737</u>	<u>\$ 665,277</u>

The unrealized depreciation for the year ended December 31, 2003, totaled \$10,646. As of December 31, 2003, the cumulative unrealized depreciation totaled \$4,540.

Investment income for the year ended December 31, 2003, consists of the following:

Interest income	\$ 44,519
Dividend income	4,603
Loss on sale of securities	<u>&lt; 6,082 &gt;</u>
	<u>\$ 43,040</u>

**NOTE C - GRANTS RECEIVABLE**

The grants receivable consist of the following as of December 31, 2003:

State of Louisiana Department of Social Services	\$ 42,701
City of New Orleans	37,991
State of Louisiana – Department of Labor	205,789
State of Louisiana – Department of Education	310,430
U.S. Department of Health and Human Services	1,098,290
Louisiana Housing Finance Agency	<u>41,058</u>
	<u>\$ 1,736,259</u>

**TOTAL COMMUNITY ACTION, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2003**

**NOTE D – PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2003, consist of the following:

Transportation equipment	\$ 62,486
less accumulated depreciation	<u>&lt; 33,690 &gt;</u>
	<u>\$ 28,796</u>

Total Community Action, Inc. follows the practice of not capitalizing furniture, fixtures, equipment and leasehold improvements acquired with federal or state funds, since the government has a reversionary interest in such assets. These assets totaled \$195,073 at December 31, 2003.

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

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

The unaudited financial statements of Economic Development Unit, Inc. as of and for the year ended December 31, 2003, consist of the following:

**STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2003**

	ASSETS		LIABILITIES AND NET ASSETS
Cash	\$ 171,629	Note payable-financial institutions	\$181,996
Receivables	4,915	Accounts payable and accrued liabilities	<u>13,589</u>
Property and equipment-at cost		Total liabilities	195,585
Building	604,030	Net assets - unrestricted	<u>181,139</u>
Improvements	78,365	Total net assets	<u>181,139</u>
Office Equipment	<u>15,522</u>		
	697,917		
less accumulated depreciation	<u>&lt;697,917 &gt;</u>		
	-		
Land	<u>200,000</u>		
	<u>200,000</u>		
Deposits	<u>180</u>		
Total assets	<u>\$ 376,724</u>	Total liabilities and net assets	<u>\$ 376,724</u>

**TOTAL COMMUNITY ACTION, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2003**

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

**STATEMENT OF ACTIVITIES  
For the year ended December 31, 2003**

<b>REVENUE</b>	
Rental income, less direct expenses of \$208,773	\$ 29,305
Interest income	<u>902</u>
Total revenue	<u>30,207</u>
<b>EXPENSES</b>	
Management and general	<u>5,616</u>
Total expenses	<u>5,616</u>
Decrease in net assets	24,591
Net assets, beginning of year	<u>156,548</u>
Net assets, end of year	<u>\$ 181,139</u>

**NOTE F – NOTES PAYABLE**

The notes payable consists of the following as of the December 31, 2003:

Note payable to bank, at a 7.25% interest rate, due March, 2006. Payable in monthly installments of \$800, and a balloon payment of \$86,714. The note is secured by a certificate of deposit totaling \$142,211.	\$ 91,407
Note payable to Total Community Action Federal Credit Union due May, 2004. Payable in montly installments of \$447, including interest at the rate of 9%. The note is secured by transportation equipment totaling \$20,779.	1,800
Note payable to Total Community Action Federal Credit Union due June, 2004. Payable in montly installments of \$474, including interest at the rate of 9%. The note is secured by transportation equipment totaling \$22,414.	<u>2,751</u>
	<u>\$ 95,958</u>

The interest expense for the year ended December 31, 2003 totaled \$8,636.

**TOTAL COMMUNITY ACTION, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2003**

**NOTE F – NOTES PAYABLE - CONTINUED**

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

<u>Year ended</u> <u>December 31,</u>	
2004	\$ 6,571
2005	3,226
2006	<u>86,161</u>
	<u>\$ 95,958</u>

**NOTE G – PENSION PLAN**

Total Community Action, Inc. sponsors a defined contribution employee pension plan covering all employees twenty-one years or older who have worked for the corporation a minimum of three years. The corporation decides the amount, if anything, to contribute each year to the individual retirement accounts for the eligible employees based on a percentage of annual compensation. The percentage, determined by the Board of Directors, was 9.5% or \$880,907 for the year ended December 31, 2003.

**NOTE H – COMMITMENTS**

The corporation leases its administrative and program offices. The offices located at South Jefferson Davis Parkway, New Orleans are leased through December 31, 2050. All other offices are leased annually. The rental expense for the year ended December 31, 2003 totaled \$693,968. The aggregate maturities of the long-term lease consist of the following:

<u>Year ended</u> <u>December 31,</u>	
2004	\$ 209,975
2005	209,975
2006	209,975
2007	209,975
2008	209,975
2009-2013	1,019,875
2014-2018	1,019,875
2019-2023	1,019,875
2024-2028	1,019,875
2029-2033	1,019,875
2034-2038	1,019,875
2039-2043	1,019,875
2044-2048	1,019,875
2049-2050	<u>1,019,875</u>
	<u>\$ 10,228,750</u>

**TOTAL COMMUNITY ACTION, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2003**

**NOTE I – RELATED PARTY TRANSACTIONS**

The principal premises of Total Community Action, Inc. is leased from an affiliated non-profit corporation. The lease is a long-term lease expiring December 31, 2050. The rental payments for the year ended December 31, 2003 totaled \$209,975.

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. The purchases for the year ended December 31, 2003 totaled \$50,369.

The corporation owes \$4,551 to the Total Community Action Federal Credit Union for the purchase of transportation equipment in 2002. The interest rate charged was (9%).

**NOTE J – PERMANENTLY RESTRICTED NET ASSETS**

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

Transfers of \$15,013 were made from program funds to the unemployment insurance fund for the year ended December 31, 2003, which is accounted for as revenue of the unemployment insurance fund and an expense of the related program. The unemployment insurance fund reimburses the unrestricted fund for all direct costs in administering the program and transfers all net interest income earned on unemployment insurance funds to the unrestricted fund.

All known claims as of December 31, 2003 have been recorded in the financial statements.

**NOTE K – INCOME TAXES**

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

**NOTE L – BOARD OF DIRECTORS**

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

**NOTE M – CASH FLOW INFORMATION**

The interest paid for the year ended December 31, 2003 totaled \$8,636.

**TOTAL COMMUNITY ACTION, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2003**

**NOTE N – CONCENTRATION OF CREDIT RISK**

The corporation's cash balance as of December 31, 2003, before deducting outstanding checks, consists of the following:

Financial institutions		\$ 1,798,826
Less: FDIC and FSLIC insurance	\$ 500,000	
Pledged securities	<u>1,268,045</u>	<u>&lt; 1,768,045 &gt;</u>
Unsecured balance		<u>\$ 30,781</u>

**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. 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.

The corporation is supported primarily through grants from governmental agencies. Approximately 99% of the corporation support for the year ended December 31, 2003 came from these grants.

**SUPPLEMENTAL INFORMATION**

**TOTAL COMMUNITY ACTION, INC.**

**COMBINED STATEMENT OF ACTIVITIES**

For the year ended December 31, 2003

	<u>HEAD START GRANT</u>	<u>CHILD CARE FOOD PROGRAM</u>	<u>COMMUNITY SERVICES BLOCK GRANT PROGRAM</u>	<u>HSNG, TOA - WEATHERIZATION ASSISTANCE PROGRAM</u>	<u>HOME ENERGY ASSISTANCE PROGRAM</u>	<u>LOUISIANA STADIUM EXPOSITION DISTRICT</u>
<b>REVENUES</b>						
Grant appropriations	\$ 20,841,380	\$ 997,920	\$ 1,866,261	\$ 107,028	\$ 567,234	\$ 28,000
Interest income	5,245	-	-	-	-	-
Other	-	-	-	-	-	-
	<u>20,846,625</u>	<u>997,920</u>	<u>1,866,261</u>	<u>107,028</u>	<u>567,234</u>	<u>28,000</u>
<b>EXPENSES</b>						
Salaries	6,688,309	681,221	1,071,349	40,548	53,735	-
Fringe benefits	1,813,778	177,841	264,972	23,575	9,338	-
Travel	53,934	-	22,018	-	-	-
Contractual	205,104	4,865	-	-	-	-
Supplies	556,126	68,291	45,577	24,138	1,348	-
Food costs	828,041	42,622	2,143	-	-	-
Subrecipient costs	6,170,718	-	-	-	-	-
Equipment expenses	159,770	-	67,609	-	34,478	-
Insurance	234,180	-	28,468	2,800	-	-
Utility assistance	-	-	-	-	409,567	-
Telephone	85,995	-	35,164	-	832	-
Rent	549,266	-	114,014	-	20,986	-
Utilities	256,924	-	27,788	-	-	-
Vehicle expense	89,416	-	24,086	-	4,120	-
Postage	8,438	-	17,449	-	504	-
Other costs	<u>3,146,626</u>	<u>23,080</u>	<u>147,131</u>	<u>15,967</u>	<u>32,326</u>	<u>28,000</u>
	<u>20,846,625</u>	<u>997,920</u>	<u>1,867,768</u>	<u>107,028</u>	<u>567,234</u>	<u>28,000</u>
Increase <decrease> in net assets	-	-	< 1,507 >	-	-	-
Transfer costs to general	-	-	-	-	-	-
Net assets beginning of year	-	-	1,507	-	113,412	-
Net assets, end of year	\$ -	\$ -	\$ -	\$ -	\$ 113,412	\$ -



**TOTAL COMMUNITY ACTION, INC.**

**COMBINED STATEMENT OF ACTIVITIES - CONTINUED**

For the year ended December 31, 2003

		<u>ADULT AND FAMILY LITERACY</u>	<u>EARNED INCOME TAX CREDIT PROGRAM</u>	<u>FOOD DISTRIBUTION PROGRAM CITY OF NEW ORLEANS</u>	<u>PROJECT INDEPENDENCE PROGRAM</u>	<u>WEATHERIZATION PROGRAM</u>	<u>TEEN PREGNANCY PREVENTION</u>
<b>REVENUES</b>							
Grant appropriations	\$	121,388	36,065	85,000	48,870	242,165	73,399
Interest income		-	-	-	-	-	-
Other		<u>121,388</u>	<u>36,065</u>	<u>85,000</u>	<u>48,870</u>	<u>242,165</u>	<u>73,399</u>
<b>EXPENSES</b>							
Salaries		45,785	1,837	63,798	37,278	36,836	24,742
Fringe benefits		7,586	326	14,675	6,681	10,073	4,451
Travel		3,790	-	-	170	-	1,835
Contractual		20	-	-	500	-	-
Supplies		3,393	-	-	1,322	68,631	1,201
Food costs		779	-	-	-	-	850
Subrecipient costs		-	-	-	-	-	-
Equipment expenses		-	-	-	-	-	-
Insurance		-	-	-	-	-	-
Utility assistance		-	-	-	-	-	-
Telephone		-	-	-	-	-	-
Rent		-	-	-	-	-	750
Utilities		-	-	-	-	-	400
Vehicle expense		-	-	2,668	-	-	425
Postage		-	-	-	-	-	-
Other costs		<u>26,769</u>	<u>33,902</u>	<u>-</u>	<u>9,689</u>	<u>104,164</u>	<u>32,099</u>
		<u>88,122</u>	<u>36,065</u>	<u>85,000</u>	<u>55,640</u>	<u>219,704</u>	<u>66,763</u>
Increase <decrease> in net assets		33,266	-	-	< 6,770 >	22,461	6,636
Transfer costs to general		-	-	-	-	-	-
Net assets, beginning of year		-	-	-	7,818	< 29,798 >	-
Net assets, end of year		<u>\$ 33,266</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,048</u>	<u>\$ &lt; 7,337 &gt;</u>	<u>\$ 6,636</u>

**TOTAL COMMUNITY ACTION, INC.**

**COMBINED STATEMENT OF ACTIVITIES - CONTINUED**

For the year ended December 31, 2003

	<u>TEMPORARY ASSISTANCE FOR NEEDY FAMILIES</u>	<u>INDIRECT COST ACCOUNT</u>	<u>GENERAL</u>	<u>UNEMPLOYMENT</u>	<u>ELIMINATIONS</u>	<u>TOTAL</u>
<b>REVENUES</b>						
Grant appropriations	\$ 19,746	\$ -	\$ -	\$ -	\$ -	\$ 25,034,456
Interest income	-	-	8,027	31,247	-	44,519
Other	<u>-</u>	<u>603,891</u>	<u>39,289</u>	<u>2,889</u>	<u>&lt;618,904&gt;</u>	<u>27,165</u>
	19,746	603,891	47,316	34,136	<618,904>	25,106,140
<b>EXPENSES</b>						
Salaries	4,617	413,158	-	-	-	9,163,213
Fringe benefits	836	109,893	-	-	<15,013>	2,429,012
Travel	112	4,305	-	-	-	86,164
Contractual	-	698	9,778	-	-	220,965
Supplies	32	-	-	-	-	770,059
Food costs	-	-	-	-	-	874,435
Subrecipient costs	-	-	-	-	-	6,170,718
Equipment expenses	9,780	824	-	-	-	272,461
Insurance	-	9,750	784	-	-	275,982
Utility assistance	-	-	-	-	-	409,567
Telephone	-	-	-	-	-	122,741
Rent	-	5,443	-	-	-	693,968
Utilities	-	-	-	-	-	285,137
Vehicle expense	-	10,826	-	-	-	131,116
Postage	-	-	-	-	-	26,401
Other costs	<u>1,247</u>	<u>77,350</u>	<u>36,488</u>	<u>25,542</u>	<u>&lt;603,891&gt;</u>	<u>3,136,489</u>
	16,624	632,247	47,050	25,542	<618,904>	25,068,428
Increase <decrease> in net assets	3,122	<28,356>	266	8,594	-	37,712
Transfer costs to general	-	-	35,851	<35,851>	-	-
Net assets, beginning of year	<u>&lt;2,535&gt;</u>	<u>&lt;13,352&gt;</u>	<u>968,696</u>	<u>573,230</u>	<u>-</u>	<u>1,618,978</u>
Net assets, end of year	<u>\$ 587</u>	<u>\$ &lt;41,708&gt;</u>	<u>\$ 1,004,813</u>	<u>\$ 545,973</u>	<u>\$ -</u>	<u>\$ 1,656,690</u>

**TOTAL COMMUNITY ACTION, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the year ended December 31, 2003**

<u>PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>EXPENDITURES</u>	<u>SUBRECIPIENT COSTS</u>
<b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Head Start – Full Year Center & Home Based & Training and Technical Assistance	93.600	\$ 20,846,625	\$ 6,170,718
Passed through State of Louisiana:			
Home Energy Assistance Program	93.568	567,234	-
Community Services Block Grant	93.569	1,867,768	-
Project Independence	93.561	55,640	-
Temporary Assistance to Needy Families	93.558	16,624	-
Teen Pregnancy Prevention	93.558	66,763	-
Adult and Family Literacy	93.558	88,122	-
Earned Income Tax Credit Program	93.558	<u>36,065</u>	<u>-</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		<u>23,544,841</u>	<u>6,170,718</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed through State of Louisiana:			
Child Care Food Program	10.558	<u>997,920</u>	<u>-</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>		<u>997,920</u>	<u>-</u>
<b>U.S. DEPARTMENT OF ENERGY</b>			
Passed through State of Louisiana:			
Weatherization Assistance Program	81.042	<u>219,704</u>	<u>-</u>
<b>TOTAL U.S. DEPARTMENT OF ENERGY</b>		<u>219,704</u>	<u>-</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Passed through City of New Orleans:			
HSNG – TCA – Weatherization Assistance Program	14.218	<u>107,028</u>	<u>-</u>
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		<u>107,028</u>	<u>-</u>
<b>TOTAL FEDERAL AWARDS</b>		<u>\$ 24,869,493</u>	<u>\$ 6,170,718</u>

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

1. The Schedule of Expenditures of Federal Awards was prepared on the accrual basis of accounting.
2. The Head Start grant requires non-federal matching funds totaling 20% of the grant. The in-kind contributions totaled \$5,705,622 for the year ended December 31, 2003. The corporation was in compliance with the matching requirements of the grant.

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

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## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors  
Total Community Action, Inc.

I have audited the financial statements of Total Community Action, Inc. (a non-profit corporation) as of and for the year ended December 31, 2003, and have issued my report thereon dated June 3, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in Government Auditing Standards, issued by the comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether Total Community Action, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered Total Community Action, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weaknesses. 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 auditing may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the audit committee, management, Louisiana Legislative Auditor, others within the organization and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



New Orleans, Louisiana  
June 3, 2004

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

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

Board of Directors  
Total Community Action, Inc.

### Compliance

I have audited the compliance of Total Community Action, Inc. (a non-profit corporation) 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, 2003. Total Community Action, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompany schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Total Community Action, Inc.'s management. My responsibility is to express an opinion on Total Community Action, Inc.'s compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Total Community Action, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Total Community Action, Inc.'s compliance with those requirements. In my opinion, Total Community Action, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003.

### Internal Control Over Compliance

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

My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weaknesses. 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 auditing may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the audit committee, management, Louisiana Legislative Auditor, others within the organization and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Justin J. Scanlon, CPA*

New Orleans, Louisiana  
June 3, 2004

**TOTAL COMMUNITY ACTION, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the year ended December 31, 2003**

**A. SUMMARY OF THE AUDIT RESULTS**

1. An unqualified opinion was issued on the financial statements of the auditee.
2. The statement that reportable conditions in internal control were disclosed by the audit of the financial statements and whether any such conditions were material weaknesses is not applicable.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of the auditee.
4. The statement that reportable conditions in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses is not applicable.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit disclosed no findings which are required to be reported under Section 510(a) of Circular A-133.
7. The major programs for the year ended December 31, 2003 consist of the following:
  1. Head Start-Full Year Center & Home Based & Training and Technical Assistance – CFDA No. 93.600
  2. Community Services Block Grant – CFDA No. 93.569
  3. Child Care Food Program – CFDA No. 10.558
8. The dollar threshold to distinguish between Type A and Type B programs was \$746,085.
9. The auditee did not qualify as a low-risk auditee.

**TOTAL COMMUNITY ACTION, INC.**

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

**For the year ended December 31, 2003**

**B. FINDINGS – FINANCIAL STATEMENTS AUDIT – REPORTABLE CONDITIONS**

There were no items identified in the course of my testing during the current year required to be reported.

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

There were no items identified in the course of my testing during the current year required to be reported.

**D. STATUS OF PRIOR YEAR AUDIT FINDINGS**

There were no prior year audit findings.