

TOTAL COMMUNITY ACTION, INC.

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Total Community Action, Inc.
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of **Total Community Action, Inc. (TCA)** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
Total Community Action, Inc.
New Orleans, Louisiana

Auditors' Responsibility, Continued

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Total Community Action, Inc.** as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
Total Community Action, Inc.
New Orleans, Louisiana

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CRF) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Also, the accompanying Schedule of Compensation, Benefits and Other Payments to Chief Executive Officer; Schedule of Expenses - Direct and Indirect Costs; and Combining Schedule of Activities are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
Total Community Action, Inc.
New Orleans, Louisiana

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2020, on our consideration of TCA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TCA's internal control over financial reporting and compliance.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

September 8, 2020

TOTAL COMMUNITY ACTION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS

Cash	\$ 22,172
Grants receivable (NOTE 4)	1,089,489
Other receivable	35,842
Investments (NOTE 7)	3,022,529
Property and equipment, net (NOTE 5)	5,874,720
Economic interest (NOTE 6)	<u>433,200</u>
 Total assets	 <u><u>\$ 10,477,952</u></u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable and accrued liabilities	<u>\$ 777,678</u>
Total liabilities	<u>777,678</u>
 Net Assets (NOTE 2):	
Without donor restrictions	(181,077)
With donor restrictions (NOTE 12)	<u>9,881,351</u>
Total net assets	<u>9,700,274</u>
 Total liabilities and net assets	 <u><u>\$ 10,477,952</u></u>

The accompanying notes are an integral part of the financial statements.

TOTAL COMMUNITY ACTION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>REVENUE AND SUPPORT:</u>			
Government grants	\$ 15,863,163	\$ 2,383,560	\$ 18,246,723
Contributions	-	361,928	361,928
Investment income (NOTE 7)	8,752	687,409	696,161
Other	47,270	-	47,270
Net assets released from restrictions:			
Satisfaction of program restrictions	3,218,664	(3,218,664)	-
Total revenue and support	<u>19,137,849</u>	<u>214,233</u>	<u>19,352,082</u>
<u>EXPENSES:</u>			
Program services	18,171,143	-	18,171,143
Supporting services	1,237,299	-	1,237,299
Total expenses	<u>19,408,442</u>	<u>-</u>	<u>19,408,442</u>
<u>OTHER CHANGES IN NET ASSETS</u>			
Reclassification of previously reported net assets (NOTE 11)	(8,758,438)	8,758,438	-
Change in net assets	(9,029,031)	8,972,671	(56,360)
Net assets at beginning of year	8,847,954	908,680	9,756,634
Net assets at end of year	<u>\$ (181,077)</u>	<u>\$ 9,881,351</u>	<u>\$ 9,700,274</u>

The accompanying notes are an integral part of the financial statements.

TOTAL COMMUNITY ACTION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

<u>EXPENSES (SCHEDULE IV)</u>	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
Salaries and wages	\$ 8,376,736	\$ 443,789	\$ 8,820,525
Fringe benefits	2,351,892	155,437	2,507,329
Travel	44,775	521	45,296
Contractual	1,364,917	1,305	1,366,222
Professional fees	63,592	13,656	77,248
Supplies	659,800	2,263	662,063
Food costs	873,040	7,387	880,427
Subrecipient costs	1,766,458	-	1,766,458
Equipment expense	169,565	-	169,565
Maintenance and repairs	671,569	-	671,569
Insurance	260,827	-	260,827
Assistance to individuals	252,149	342	252,491
Telephone	115,347	-	115,347
Utilities	425,914	-	425,914
Occupancy	422,136	6,278	428,414
Vehicle expense	35,983	-	35,983
Postage	26,096	-	26,096
Depreciation	-	347,543	347,543
Other costs	290,347	258,778	549,125
 Total	 <u>\$ 18,171,143</u>	 <u>\$ 1,237,299</u>	 <u>\$ 19,408,442</u>

The accompanying notes are an integral part of the financial statements.

TOTAL COMMUNITY ACTION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (56,360)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation expense	347,543
Unrealized gains on investments	(450,808)
Increase in grants receivable	(568,344)
Increase in other receivable	(17,932)
Increase in accounts payable and accrued liabilities	35,540
Decrease in other liabilities	<u>(10,774)</u>
Net cash used in operating activities	<u>(721,135)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments	(1,218,512)
Sale of investments	<u>923,828</u>
Net cash used in investing activities	<u>(294,684)</u>
Net decrease in cash	(1,015,819)
Cash at beginning of year	<u>1,037,991</u>
Cash at end of year	<u><u>\$ 22,172</u></u>

Supplemental cash flows information:

None

The accompanying notes are an integral part of the financial statements.

TOTAL COMMUNITY ACTION, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION:

Total Community Action, Inc. (TCA) was organized to promote and develop economic opportunity in the City of New Orleans, to promote the education and welfare of the people 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Principles of Accounting

TCA's financial statements are prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Reporting

Effective January 1, 2018, **TCA** has implemented the guidance under Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, which amends the previous standard for external financial reporting by not-for-profit organizations. Under ASU 2016-14, **TCA** classifies resources for financial accounting and reporting purposes into two net asset categories: without donor restrictions and with donor restrictions. A description of the two net asset categories is as follows:

- Net assets without donor restrictions include funds not subject to donor-imposed stipulations. Grants and contributions without donor restrictions, other income and expenses incurred in conducting the mission of **TCA** are included in this category.

TOTAL COMMUNITY ACTION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Basis of Reporting, Continued

- Net assets with donor restrictions include grants and contributions for which donor-imposed time and/or purpose restrictions have not been met.

Cash Equivalents

For purposes of the statement of cash flows, TCA considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. TCA had no cash equivalents at December 31, 2019.

Revenue Recognition

Grants and contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Grants and contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted grants and contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Deferred Revenues

Deferred revenue arises when resources are received by TCA before it has a legal claim to them. In subsequent periods, when TCA has legal claim to the resources, current period revenue is recognized and deferred revenue is reduced. At December 31, 2019, TCA had no deferred revenues.

TOTAL COMMUNITY ACTION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs, primarily salaries and fringe benefits have been allocated among TCA's programs and supporting services benefitted. The allocation between functions is based on time spent by specific employees as estimated by management. All other costs are charged directly to the appropriate functional category.

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 useful lives range from three to thirty years.

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

Investment Securities

Under FASB ASC 320, 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.

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.

TOTAL COMMUNITY ACTION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Fair Values of Financial Investments

Cash reported in the statement of financial position approximately 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.

Income Taxes

TCA is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Therefore, no provision for income taxes has been made in the accompanying financial statements. Should TCA's tax-exempt status be challenged in the future, TCA's 2016 through 2018 tax years are open for examination by the Internal Revenue Service.

NOTE 3 - CONCENTRATION OF CREDIT RISK:

TCA maintains a noninterest-bearing deposit account at a financial institution in New Orleans, Louisiana. Deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution per depositor. At December 31, 2019, TCA had uninsured deposits totaling \$531,345.

NOTE 4 - GRANTS RECEIVABLE:

Grants receivable consist of the following as of December 31, 2019:

U.S. Department of Health and Human Services	\$ 715,577
City of New Orleans	76,164
State of Louisiana - Department of Education	70,445
State of Louisiana - Louisiana Workforce Commission	<u>227,303</u>
	<u>\$1,089,489</u>

TOTAL COMMUNITY ACTION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - PROPERTY AND EQUIPMENT:

Property and equipment at December 31, 2019, consist of the following:

Building	\$ 4,546,853
Building improvements	4,202,977
Transportation equipment	<u>29,656</u>
	8,779,486
Less: accumulated depreciation	<u>(3,013,066)</u>
Property and equipment being depreciated	5,766,420
Land	<u>108,300</u>
Property and equipment, net	<u>\$ 5,874,720</u>

TCA follows the practice of not capitalizing furniture, fixtures and equipment acquired with federal and state funds, since the government has a reversionary interest in such assets. These assets total \$1,431,213 at December 31, 2019. Also, the federal government have a financial interest in the buildings and improvements.

Depreciation expense for the year ended December 31, 2019 was \$347,543.

NOTE 6 - ECONOMIC INTEREST:

On November 2, 1999, TCA cancelled its note receivable with Economic Development Unit, Inc., totaling \$433,200. In consideration of the cancellation of the note, TCA 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 assets shall be donated and distributed to TCA. 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.

TOTAL COMMUNITY ACTION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 7 - INVESTMENT SECURITIES:

Cost and approximate fair value of investment securities at December 31, 2019, consist of the following:

	<u>Cost</u>	<u>Fair Value</u>
Money market accounts	\$ 45,761	\$ 45,761
Government securities	776,096	786,229
Mutual funds	1,023,228	1,268,571
Common stocks	<u>798,380</u>	<u>921,968</u>
	<u>\$2,643,465</u>	<u>\$3,022,529</u>

Investment income for the year ended December 31, 2019, consists of the following:

Interest and dividend income	\$ 81,388
Unrealized gain on investment	442,985
Realized gain on investment	<u>171,788</u>
Investment gain	<u>\$696,161</u>

NOTE 8 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

TCA maintains adequate operating reserves. Current financial assets totaling \$4,170,032 are available for general expenditures, that is, without donor or other restrictions limiting their use.

As part of TCA's liquidity management, TCA invests cash in excess of daily need in short-term investments and money market funds.

NOTE 9 - PENSION PLAN:

TCA sponsors a defined contribution employee pension plan covering all employees twenty-one (21) years or older who have worked for the corporation a minimum of three years. TCA 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 for the year ended December 31, 2019 was 9.5%. There was no change in the percentage from the prior year.

TOTAL COMMUNITY ACTION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 10 - COMMITMENTS:

TCA 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, 2019 totaled \$370,734. The aggregate maturities of the long-term lease consist of the following:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2020	\$ 209,975
2021	209,975
2022	209,975
2023	209,975
2024	209,975
2025-2029	1,049,875
2030-2034	1,049,875
2035-2039	1,049,875
2040-2044	1,049,875
2045-2049	1,049,875
2050	<u>209,975</u>
	<u>\$6,509,225</u>

Since Hurricane Katrina damaged the facility in August 2005, lease payments were suspended for offices not occupied by TCA. As the administrative and program offices are repaired, lease payments will continue accordingly.

TOTAL COMMUNITY ACTION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

**NOTE 11 - RECLASSIFICATION OF PREVIOUSLY
REPORTED NET ASSETS :**

Net assets previously reported at December 31, 2018 were reclassified as follows:

	NET ASSETS	
	Without Donor Restrictions	With Donor Restrictions
Reclassified from net assets without donor restrictions to net assets with donor restrictions	\$(8,835,074)	\$8,835,074
Reclassified from net assets with donor restrictions to net assets without donor restrictions	<u>76,636</u>	<u>(76,636)</u>
Net reclassification	<u>\$(8,758,438)</u>	<u>\$8,758,438</u>

NOTE 12 - DONOR RESTRICTED NET ASSETS:

As of December 31, 2019, donor restricted net assets consist of the following:

Assets for Independence Demonstration	\$ 62,873
Home Energy Assistance Program	213,071
Head Start and Early Head Start	70,068
Unemployment	2,282,709
Hurricane Katrina	1,296,043
Community Services Block Grant	17,549
Property and equipment	5,874,720
City of New Orleans - Emergency Solutions Grant	10,593
NOLA Business Alliance	<u>53,725</u>
	<u>\$9,881,351</u>

TOTAL COMMUNITY ACTION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 13 - UNEMPLOYMENT FUND:

TCA is self-insured for employee unemployment compensation claims through the establishment of an unemployment insurance fund.

Transfers of \$130,000 were made from program funds to the unemployment insurance fund for the year ended December 31, 2019, 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 program and transfers all net interest income earned on unemployment insurance funds to the unrestricted fund.

All known claims as of December 31, 2019 have been recorded in the financial statements.

NOTE 14 - RELATED PARTY TRANSACTIONS:

The principal premises of **TCA** are 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, 2019 totaled \$266,005.

NOTE 15 - BOARD OF DIRECTORS:

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

NOTE 16 - INSURANCE - HURRICANE KATRINA:

During 2006, **TCA** received insurance proceeds totaling \$1,536,814. Since the premiums were paid with federal and non-federal funds, **TCA** elected to utilize the non-federal portion first. As of December 31, 2019, the balance of insurance proceeds (\$1,296,043) will be classified to net assets with donor restrictions and will benefit the programs that directly contributed to the end-of-year amounts (Head Start Program).

TOTAL COMMUNITY ACTION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 17 - ECONOMIC DEPENDENCY:

Approximately 92% of TCA's revenues were earned 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 affected at the federal and/or state level, the amount of the funds TCA 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 TCA will receive in the next fiscal year.

NOTE 18 - FAIR VALUES OF FINANCIAL INSTRUMENTS:

FASB ASC 820-10, Fair Value Measurement, requires disclosure of the estimated fair value of certain financial instruments and the methods and significant assumptions used to estimate their fair value. Financial instruments are included in the table below.

	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market accounts	\$ 45,761	\$-0-	\$-0-
Government securities	786,229	-0-	-0-
Mutual funds	1,268,571	-0-	-0-
Common stocks	<u>921,968</u>	<u>-0-</u>	<u>-0-</u>
	<u>\$3,022,529</u>	<u>\$-0-</u>	<u>\$-0-</u>

The assumptions to estimate fair value are as follows:

The fair market value of marketable securities are based on quoted market prices for those or similar investments.

TOTAL COMMUNITY ACTION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 19 - SUBSEQUENT EVENTS:

TCA is required to evaluate events or transactions that may occur after the statement of financial position date for potential recognition or disclosure in the financial statements. **TCA** performed such as evaluation through September 8, 2020, the date which the financial statements were available to be issued, and noted no subsequent events or transactions that occurred after the statement of financial position date that require recognition or disclosure.

TCA's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID 19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in an adverse impact on **TCA's** subsequent financial statements. Possible effects may include, but not limited to, disruption of **TCA's** operations and related revenue, unavailability of products and supplies used in operations and possible decline in assets held by **TCA**.

SUPPLEMENTARY INFORMATION

TOTAL COMMUNITY ACTION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE I

<u>Federal Grantor/Program Name</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Provided Through to Subrecipients</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Health and Human Services</u>				
<i><u>Direct Programs</u></i>				
Head Start and Early Head Start Program	93.600		\$ 1,766,458	\$ 13,715,913
Early Head Start/Child Care Partnership	93.600		-	1,044,304
Subtotal - Direct Awards			<u>1,766,458</u>	<u>14,760,217</u>
<i><u>Awards from a Pass-Through Entity</u></i>				
<u>Passed-Through: Louisiana Workforce Commission</u>				
Community Services Block Grant	93.569		-	1,496,477
<u>Passed-Through: Louisiana Housing Corporation</u>				
Low-Income Home Energy Assistance Program	93.568		-	406,791
Subtotal - Awards from Pass-Through Entities			<u>-</u>	<u>1,903,268</u>
Total U.S. Department of Health and Human Services			<u>1,766,458</u>	<u>16,663,485</u>
<u>U.S. Department of Agriculture</u>				
<i><u>Awards from a Pass-Through Entity</u></i>				
<u>Passed-Through: State of Louisiana</u>				
Child Care Food Program	10.558		-	1,154,136
Total U.S. Department of Agriculture			<u>-</u>	<u>1,154,136</u>
<u>U.S. Department of Housing and Urban Development</u>				
<i><u>Awards from a Pass-Through Entity</u></i>				
<u>Passed-Through: City of New Orleans</u>				
Emergency Solutions Grant	14.231	ESG-0311	-	248,165
U.S. Department of Housing and Urban Development			<u>-</u>	<u>248,165</u>
Total Expenditures of Federal Awards			<u>\$ 1,766,458</u>	<u>\$ 18,065,786</u>

See Independent Auditors' Report on Supplementary Information.

TOTAL COMMUNITY ACTION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - BASIS OF PRESENTATION:

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of TCA under programs of the Federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirement, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operation of TCA it is not intended to and does not present the financial position, changes in net assets, or cash flows of TCA.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

NOTE C - SUBRECIPIENT EXPENDITURES:

The following costs consist of the following:

	<u>Head Start and Early Head Start Program</u>
Central City Economic Opportunity Corporation	\$1,097,318
Urban League of Greater New Orleans	508,819
Other	<u>160,321</u>
	<u>\$1,766,458</u>

See Independent Auditors' Report on Supplementary Information.

TOTAL COMMUNITY ACTION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED

NOTE D - IN-KIND CONTRIBUTIONS:

As of December 31, 2019, the in-kind contributions consist of the following:

Head Start and Early Head Start	\$2,812,865
Early Head Start/Child Care Partnership	<u>167,963</u>
	<u>\$2,980,828</u>

TCA's Head Start and Early Head Start Program was in compliance with the matching requirement at December 31, 2019.

TCA's Early Head Start/Child Care Partnership program was in compliance with the matching requirement for the grant year ended August 31, 2019.

See Independent Auditors' Report on Supplementary Information.

SCHEDULE II

**TOTAL COMMUNITY ACTION, INC.
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2019**

Chief Executive Officer Name: Thelma H. French

Purpose

Salary	\$165,289
Benefits - life insurance	258
Benefits - retirement	35,010
Benefits - social security	8,240
Benefits - medicare	2,397
Benefits - office parking	-0-
Car allowance	-0-
Vehicle provided by government	838
Per diem	-0-
Reimbursements	65
Travel	-0-
Registration fees	2,390
Conference travel	5,550
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-
	<u>\$220,037</u>

See Independent Auditors' Report on Supplementary Information.

TOTAL COMMUNITY ACTION, INC. SCHEDULE III
SCHEDULE OF EXPENSES - DIRECT AND INDIRECT COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Direct Costs</u>	<u>Indirect Cost</u>	<u>Total Costs</u>
Salaries and wages	\$ 8,419,536	\$ 400,989	\$ 8,820,525
Fringe benefits	2,406,598	100,731	2,507,329
Travel	45,296	-	45,296
Contractual	1,365,967	255	1,366,222
Professional fees	63,592	13,656	77,248
Supplies	662,063	-	662,063
Food costs	880,427	-	880,427
Subrecipient costs	1,766,458	-	1,766,458
Equipment expense	169,565	-	169,565
Maintenance and repairs	671,569	-	671,569
Insurance	260,827	-	260,827
Assistance to individuals	252,491	-	252,491
Telephone	115,347	-	115,347
Utilities	425,914	-	425,914
Occupancy	423,826	4,588	428,414
Vehicle expense	35,983	-	35,983
Postage	26,096	-	26,096
Depreciation	347,543	-	347,543
Other costs	548,634	491	549,125
Total	<u>\$ 18,887,732</u>	<u>\$ 520,710</u>	<u>\$ 19,408,442</u>

See Independent Auditors' Report on Supplementary Information.

TOTAL COMMUNITY ACTION, INC.
COMBINING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE IV

PROGRAM SERVICES

	Head Start and Early Head Start Grant	Early Head Start/Child Care Partnership Grant	Child Care Development Center	W.K. Kellogg Foundation	Child Care Food Program	Community Service Block Grant	City of New Orleans Emergency Solutions Grant
Revenue and Support							
Government grants	\$ 13,620,916	\$ 1,044,304	\$ 163,880	\$ -	\$ 1,154,136	\$ 1,496,477	\$ 258,758
Contributions	-	-	-	-	-	-	-
Investment income	1,185	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total revenue and support	<u>13,622,101</u>	<u>1,044,304</u>	<u>163,880</u>	<u>-</u>	<u>1,154,136</u>	<u>1,496,477</u>	<u>258,758</u>
Expenses							
Salaries and wages	6,292,707	194,364	72,432	-	450,446	816,495	71,758
Fringe benefits	1,786,428	48,127	20,717	-	134,741	214,868	7,888
Travel	28,919	41	656	1,848	-	3,618	-
Contractual	485,418	737,812	-	141,687	-	-	-
Professional fees	63,392	-	-	-	-	-	-
Supplies	525,922	31,732	-	20,726	39,407	30,556	-
Food costs	304,370	27	-	-	529,542	16,006	-
Subrecipient costs	1,766,458	-	-	-	-	-	-
Equipment expense	115,118	-	-	-	-	47,089	-
Maintenance and repairs	657,350	-	-	-	-	14,219	-
Insurance	234,702	-	-	-	-	22,020	-
Assistance to individuals	-	-	-	-	-	104,055	141,663
Telephone	60,184	-	-	-	-	49,863	-
Utilities	388,573	-	-	-	-	27,091	5,054
Occupancy	254,285	-	-	-	-	116,449	19,620
Vehicle expense	12,099	-	-	-	-	23,884	-
Postage	11,506	-	-	10,000	-	3,902	-
Depreciation	-	-	-	-	-	-	-
Other costs	221,206	32,201	7	9,465	-	6,597	-
Total expenses	<u>13,208,637</u>	<u>1,044,304</u>	<u>93,812</u>	<u>183,726</u>	<u>1,154,136</u>	<u>1,496,712</u>	<u>245,983</u>
Change in net assets	413,464	-	70,068	(183,726)	-	(235)	12,775
Transfers in (out)	(413,464)	-	-	-	-	-	(2,182)
Net assets, beginning of year	-	-	-	183,726	-	17,784	-
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,068</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,549</u>	<u>\$ 10,593</u>

See Independent Auditors' Report on Supplementary Information.

TOTAL COMMUNITY ACTION, INC.
COMBINING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE IV

PROGRAM SERVICES

	NOLA Business Alliance	City of New Orleans Summer Youth	S&WB 2019	Food Distribution Program	Frontline Solutions International	Greater New Orleans Foundation	Louisiana Public Health Institute	Financial Futures	Healthy Marriage and Responsible Fatherhood Community Demonstration Initiative
Revenue and Support									
Government grants	\$ -	\$ -	\$ -	\$ 42,451	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions	200,200	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total revenue and support	<u>200,200</u>	<u>-</u>	<u>-</u>	<u>42,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenses									
Salaries and wages	116,474	625	29,400	-	-	-	-	-	-
Fringe benefits	34,636	916	12,078	-	-	-	-	-	-
Travel	300	-	-	-	-	-	-	-	-
Contractual	-	-	-	-	-	-	-	-	-
Professional fees	200	-	-	-	-	-	-	-	-
Supplies	1,809	-	-	7,054	-	-	-	-	-
Food costs	-	-	-	22,512	-	-	-	-	-
Subrecipient costs	-	-	-	-	-	-	-	-	-
Equipment expense	-	-	-	-	-	-	-	-	-
Maintenance and repairs	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-
Assistance to individuals	1,225	-	-	-	-	-	-	-	-
Telephone	-	-	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	-
Occupancy	-	-	-	-	-	-	-	-	-
Vehicle expense	-	-	-	-	-	-	-	-	-
Postage	-	-	-	688	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Other costs	4,715	-	-	13,167	-	-	-	-	-
Total expenses	<u>159,359</u>	<u>1,541</u>	<u>41,478</u>	<u>43,421</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	40,841	(1,541)	(41,478)	(970)	-	-	-	-	-
Transfers in (out)	-	(5,755)	31,480	847	(3,753)	(425)	(53,250)	(2,906)	(750)
Net assets, beginning of year	<u>12,884</u>	<u>7,296</u>	<u>9,998</u>	<u>123</u>	<u>3,753</u>	<u>425</u>	<u>53,250</u>	<u>2,906</u>	<u>750</u>
Net assets, end of year	<u>\$ 53,725</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report on Supplementary Information.

TOTAL COMMUNITY ACTION, INC.
COMBINING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE IV

PROGRAM SERVICES

	Unity of Greater New Orleans, Inc. Housing Plus	Assets For Independence Demonstration	City of New Orleans Goodwill	City of New Orleans Youth Summer Camp Partnership	NORD Teen Camp	Home Energy Assistance Program	Sub-total
Revenue and Support							
Government grants	\$ -	\$ -	\$ -	\$ -	\$ 43,807	\$ 406,791	\$ 18,231,520
Contributions	-	-	-	-	-	-	200,200
Investment income	-	-	-	-	-	-	1,185
Other	-	-	-	-	-	-	-
Total revenue and support	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,807</u>	<u>406,791</u>	<u>18,432,905</u>
Expenses							
Salaries and wages	-	-	-	-	26,725	305,310	8,376,736
Fringe benefits	-	-	-	-	5,685	85,808	2,351,892
Travel	-	-	-	-	5,626	3,767	44,775
Contractual	-	-	-	-	-	-	1,364,917
Professional fees	-	-	-	-	-	-	63,592
Supplies	-	-	-	-	1,904	690	659,800
Food costs	-	-	-	-	583	-	873,040
Subrecipient costs	-	-	-	-	-	-	1,766,458
Equipment expense	-	-	-	-	-	7,358	169,565
Maintenance and repairs	-	-	-	-	-	-	671,569
Insurance	-	-	-	-	-	4,105	260,827
Assistance to individuals	-	-	-	-	3,391	1,815	252,149
Telephone	-	-	-	-	100	5,200	115,347
Utilities	-	-	-	-	-	5,196	425,914
Occupancy	-	-	-	-	-	31,782	422,136
Vehicle expense	-	-	-	-	-	-	35,983
Postage	-	-	-	-	-	-	26,096
Depreciation	-	-	-	-	-	-	-
Other costs	-	-	-	-	-	2,989	290,347
Total expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,014</u>	<u>454,020</u>	<u>18,171,143</u>
Change in net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(207)</u>	<u>(47,229)</u>	<u>261,762</u>
Transfers in (out)	(2,598)	-	(2,581)	(3,077)	207	(13,189)	(471,396)
Net assets, beginning of year	<u>2,598</u>	<u>62,873</u>	<u>2,581</u>	<u>3,077</u>	<u>-</u>	<u>273,489</u>	<u>637,513</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ 62,873</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 213,071</u>	<u>\$ 427,879</u>

See Independent Auditors' Report on Supplementary Information.

TOTAL COMMUNITY ACTION, INC.
COMBINING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE IV

SUPPORTING SERVICES

	<u>General Fund</u>	<u>Property and Equipment</u>	<u>Indirect Cost Account</u>	<u>Unemployment</u>	<u>Insurance Hurricane Katrina</u>	<u>Sub-total</u>	<u>Grand Total</u>
Revenue and Support							
Government grants	\$ 15,203	\$ -	\$ -	\$ -	\$ -	\$ 15,203	\$ 18,246,723
Contributions	31,728	-	-	-	-	31,728	231,928
Investment income	7,567	-	-	565,987	121,422	694,976	696,161
Other	47,270	-	-	130,000	-	177,270	177,270
Total revenue and support	<u>101,768</u>	<u>-</u>	<u>-</u>	<u>695,987</u>	<u>121,422</u>	<u>919,177</u>	<u>19,352,082</u>
Expenses							
Salaries and wages	42,800	-	400,989	-	-	443,789	8,820,525
Fringe benefits	20,288	-	100,731	34,418	-	155,437	2,507,329
Travel	521	-	-	-	-	521	45,296
Contractual	1,050	-	255	-	-	1,305	1,366,222
Professional fees	-	-	13,656	-	-	13,656	77,248
Supplies	2,263	-	-	-	-	2,263	662,063
Food costs	7,387	-	-	-	-	7,387	880,427
Subrecipient costs	-	-	-	-	-	-	1,766,458
Equipment expense	-	-	-	-	-	-	169,565
Maintenance and repairs	-	-	-	-	-	-	671,569
Insurance	-	-	-	-	-	-	260,827
Assistance to individuals	342	-	-	-	-	342	252,491
Telephone	-	-	-	-	-	-	115,347
Utilities	-	-	-	-	-	-	425,914
Occupancy	1,690	-	4,588	-	-	6,278	428,414
Vehicle expense	-	-	-	-	-	-	35,983
Postage	-	-	-	-	-	-	26,096
Depreciation	-	347,543	-	-	-	347,543	347,543
Other costs	217,489	-	491	33,236	7,562	258,778	549,125
Total expenses	<u>293,830</u>	<u>347,543</u>	<u>520,710</u>	<u>67,654</u>	<u>7,562</u>	<u>1,237,299</u>	<u>19,408,442</u>
Change in net assets	(192,062)	(347,543)	(520,710)	628,333	113,860	(318,122)	(56,360)
Transfers in (out)	(49,314)	-	520,710	-	-	471,396	-
Net assets, beginning of year	<u>60,299</u>	<u>6,222,263</u>	<u>-</u>	<u>1,654,376</u>	<u>1,182,183</u>	<u>9,119,121</u>	<u>9,756,634</u>
Net assets, end of year	<u>\$ (181,077)</u>	<u>\$ 5,874,720</u>	<u>\$ -</u>	<u>\$ 2,282,709</u>	<u>\$ 1,296,043</u>	<u>\$ 9,272,395</u>	<u>\$ 9,700,274</u>

See Independent Auditors' Report on Supplementary Information.



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Total Community Action, Inc.
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the **Total Community Action, Inc. (TCA)** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 8, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered TCA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of TCA's internal control. Accordingly, we do not express an opinion on the effectiveness of TCA's internal control.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Internal Control Over Financial Reporting, Continued

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Response to Finding

TCA's response to the finding identified in our audit is described in a separate corrective action plan prepared by TCA.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of TCA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TCA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

September 8, 2020



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

To the Board of Directors of
Total Community Action, Inc.

Report on Compliance for Each Major Federal Program

We have audited the **Total Community Action, Inc.'s (TCA)** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on **TCA's** major federal programs for the year ended December 31, 2019. **TCA's** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE, CONTINUED

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, TCA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE, CONTINUED

Report on Internal Control Over Compliance

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

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

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

INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE, CONTINUED

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

September 8, 2020

TOTAL COMMUNITY ACTION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Section I - SUMMARY OF AUDITORS' RESULTS

- A. The type of report issued on the financial statements: **Unmodified Opinion.**
- B. Significant deficiencies in internal control were disclosed by the audit of the financial statements: **Yes.** Material weakness: **No.**
- C. Noncompliance which is material to the financial statements: **No.**
- D. Significant deficiencies in internal control over major programs: **None Reported.** Material weaknesses: **No.**
- E. The type of report issued on compliance for major programs: **Unmodified Opinion.**
- F. Any audit findings which are required to be reported under *the Uniform Guidance*: **No.**
- G. Major programs:
 - United States Department of Health and Human Services
 - Head Start and Early Head Start (CFDA No. 93.600)
 - Early Head Start/ Child Care Partnership (CFDA No. 93.600)
 - United States Department of Housing and Urban Development
 - Emergency Solutions Grant (CFDA No. 14.231)
- H. Dollar threshold used to distinguish between Type A and Type B programs: **\$750,000.**
- I. Auditee qualified as a low-risk auditee under *the Uniform Guidance*: **No.**
- J. A management letter issued: **Yes.**

TOTAL COMMUNITY ACTION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Section II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Audit Finding Reference Number

2019-001 Deficit in Net Assets Without Donor Restrictions – General Fund Program

Finding Classification

Significant deficiency

Finding Type

Deficits/Operating Losses

Finding Title

Deficit in net assets without donor restrictions – general fund program

Resolution (Resolved/Not Resolved/Partially Resolved)

Not resolved

Number of Years Finding Reported

One (1) year - 2019

Financial Impact of Finding

Greater than \$150,000

Resolution is With or Without Cause

With cause

TOTAL COMMUNITY ACTION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Section II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Audit Finding Reference Number

2019-001 Deficit in Net Assets Without Donor Restrictions – General Fund Program, Continued

Criteria

Management of TCA is responsible for designing, implementing and maintaining proper and relevant control processes to ensure accuracy and completeness in financial reporting, preparation and fair presentations of disclosures.

Condition

As of December 31, 2019, TCA reported a significant deficit in net assets without donor restrictions in the general fund program in the amount of \$181,077.

Cause

TCA current indirect rate is below 5%, which creates a deficit for TCA in addressing the actual indirect cost. TCA has limited available non-restricted cash assets.

Effect

Continued deficits in net assets without donor restrictions in the general fund program could result in the ability of TCA to continue as a viable entity.

TOTAL COMMUNITY ACTION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Section II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Audit Finding Reference Number

2019-001 Deficit in Net Assets Without Donor Restrictions – General Fund Program, Continued

Recommendation

We recommend TCA develop a comprehensive plan to eliminate the significant deficit in net assets without donor restrictions in the general fund program. This plan should incorporate TCA adopting an annual operations budget that anticipates excess budgeted revenues over budgeted expenses and is closely monitored, with budget revisions made periodically to control deficit spending.

Management's Response

See separate corrective action plan prepared by **Total Community Action, Inc.**

Section III - FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

No matters reported.

TOTAL COMMUNITY ACTION, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019

SECTION I - FINDINGS RELATING TO THE FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

No matters noted in the prior year audit.

SECTION II - FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

No matters noted in the prior year audit.

SECTION III - MANAGEMENT LETTER COMMENTS

No prior year comments reported.



Member
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Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

INDEPENDENT AUDITORS' COMMENT TO MANAGEMENT

To the Board of Directors of
Total Community Action, Inc.
New Orleans, Louisiana

In planning and performing our audit of the financial statements of **Total Community Action, Inc.'s (TCA)** as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered **TCA's** internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness on **TCA's** internal control. Accordingly, we do not express an opinion on the effectiveness of **TCA's** internal control.

During the course of audit, we became aware of the following matter that is an opportunity for strengthening internal controls and operating efficiency. A separate report dated September 8, 2020 contains our report on **TCA's** internal control. This letter does not affect our report dated September 8, 2020 on the financial statements of **TCA**.

ML 2019-001 Untimely Bank Reconciliation

Criteria

Management of **TCA** is responsible for designing, implementing and maintaining proper and relevant control processes to ensure accuracy and completeness in financial reporting, preparation and fair presentations of disclosures.

Condition

We noted during our audit that the Head Start operating bank account for the month of December 2019 was not timely reconciled.

Cause

The persons responsible for the preparation and approval of the bank reconciliation duties terminated from **TCA** prior to **TCA's** completion of the December 31, 2019 fiscal year financial close-out process.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
CONTINUED

ML 2019-001 Untimely Bank Reconciliation, Continued

Effect

Weakened internal controls over cash.

Recommendation

We recommend that TCA update its control procedures over cash to ensure that bank account reconciliations are timely prepared and approved.

Management's Response

See separate corrective action plan prepared by **Total Community Action, Inc.**

We will review the status of this comment during our next audit engagement. We have already discussed this comment and suggestion with various TCA personnel, and we will be pleased to discuss the comment in further detail at your convenience, to perform an additional study of this matter or to assist you in implementing the recommendation.

This communication is intended solely for the information and use of management, the Board of Directors, others within TCA and the Louisiana Legislative Auditor and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

September 8, 2020

TOTAL COMMUNITY ACTION, INC.
INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2019



Member
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Society of Louisiana
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Alcide J. Tervalon, Jr., CPA
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**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES**

To the Board of Directors of **Total Community Action, Inc.**
and Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by **Total Community Action, Inc. (TCA)** and the Louisiana Legislative Auditor (LLA), on the control and compliance areas identified in the LLA's Statewide Agreed-upon Procedures (SAUPs), and certain additional procedures requested by the Board of Directors of **TCA**, for the year ended December 31, 2019 ("fiscal period"). **TCA's** management is responsible for those control and compliance areas identified in the SAUPs.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described on pages 2 and 3 either for the purpose for which this report has been requested or for any other purpose.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

PROCEDURES AND FINDINGS

The procedures and findings related to the Statewide Agreed-Upon Procedures are as follows:

Written Policies and Procedures

1. We obtained TCA's written policies and procedures and observed that they address each of the following categories and subcategories (if applicable to public funds and TCA's operations):

a) Budgeting, including preparing, adopting, monitoring, and amending the budget.

No exceptions were noted.

b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

No exceptions were noted.

c) Disbursements, including processing, reviewing, and approving.

No exceptions were noted.

d) Receipts, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cut-off procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

No exceptions were noted.

e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

No exceptions were noted.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)

- f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

No exceptions were noted.

- g) Credit Cards, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage.

No exceptions were noted.

- h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

No exceptions were noted.

- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Not applicable.

- j) Debt Service, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Not applicable.

- k) Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

No exceptions were noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion or conclusion on management's assertions, respectively, on those control and compliance areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

September 8, 2020



**Response to Schedule of Findings
For the year ended December 31, 2019
CEO Response to TCA Board of Directors
And Detail Corrective Action Plan**

Audit Finding Reference Number

2019-001 Deficit in Net Assets Without Donor Restrictions – General Fund Program

Finding Classification

Finding Type

Significant deficiency

Internal Control

Finding Title

Deficit in net assets without donor restrictions – general fund program

As of December 31, 2019, TCA reported a significant deficit in net assets without donor restrictions in the general fund program in the amount of \$181,077.

Cause

TCA current indirect rate is below 5%, which creates a deficit for the agency in addressing the actual indirect cost. The agency has limited available non-restricted cash assets.

Management’s Response

TCA submitted the December 31, 2019 bank statements during the audit; however additional adjustments were required and due to the transition of fiscal personnel, the final reconciliation process became protracted. The year 2020 has marked a significant transition in the Total Community Action, Inc. fiscal management. This transition included the implementation of a new fiscal software, a revised chart of accounts that is complaint with GASB, the hiring of a Chief Financial Officer and the transition and reorganization of the fiscal unit, expanding the number and scope of the team. TCA in accordance with (HHS) Office of Community Services, Organization Standards is currently in a full review of the agency’s fiscal and accounting policies and procedures. Additionally, the management team prioritization is the enhancement of agency wide internal controls and compliance.

Corrective Actions to Date:

- (1) CEO and CFO have initiated a comprehensive review of the current indirect rate and its application in the agency grants.
- (2) CEO and CFO are providing all management personnel with cost allocation, in effort to reduce the default of cost to the general fund, which are appropriate for program cost allocation.
- (3) CEO has assumed full accountability to ensuring compliance with Board policy for quarterly programmatic and fiscal reviews.

Corrective Action Plans:

- (1) Develop and implement (non-restricted) fund development plan, to increase the agency non-restricted donor general funds. **Targeted Completion Date:** December 15, 2020
- (2) Utilize the Kellogg general operating grant to support an accurate collection of the total indirect cost for 2019. **Target Completion Date:** December 31, 2020
- (3) Propose a 2021 General Operating Budget that proposes excess budget revenues over budgeted expenses. **Target Submission Date:** December 15, 2020.

Management Letter Comment Reference Number

ML 2019-001 Untimely Bank Reconciliation

<u>Finding Classification</u>	<u>Finding Title</u>
Significant deficiency	Untimely Bank Reconciliation

Management's Response

TCA submitted the December 31, 2019 bank statements during the audit period; however additional adjustments were required and due to the transition of fiscal personnel, the final reconciliation process became protracted. The year 2020 has marked a significant transition in the Total Community Action, Inc. fiscal management. This transition included the implementation of a new fiscal software, a revised chart of accounts that is compliant with GASB, the hiring of a Chief Financial Officer and the transition and reorganization of the fiscal unit, expanding the number and scope of the team. TCA in accordance with (HHS) Office of Community Services, Organization Standards is currently in a full review of the agency's fiscal and accounting policies and procedures. Additionally, the management team prioritization is the enhancement of agency wide internal controls and compliance.

Correction Action to Date:

- (1) CFO has assumed the accountability for the review of all 2020 bank statements and reconciliation; as the new fiscal team develops their capacity in TCA fiscal software and grants management processes.

Corrective Action Plans:

- (1) In accordance with the (HHS) Office of Community Services and Louisiana Workforce Commission (CSBG Unit) policies, TCA is completing a review and revision, as appropriate of the fiscal management and accounting policies and procedures.

Target Completion Date: December 15, 2020

- (2) All agency bank accounts will be reconciled timely, reviewed, and approved by the CEO and Board. **Target Implementation Date: October 10, 2020**