

TOTAL COMMUNITY ACTION, INC.

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

FOR THE YEAR ENDED DECEMBER 31, 2018

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2018	5
STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2018	6
STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2018	7
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2018	8
NOTES TO THE FINANCIAL STATEMENTS	9
SUPPLEMENTARY INFORMATION:	
SCHEDULE I - Schedule of Expenditures of Federal Awards.....	20
SCHEDULE II - Schedule of Compensation, Benefits and Other Payments to Chief Executive Officer For the Year Ended December 31, 2018	23

TABLE OF CONTENTS, CONTINUED

	<u>PAGE</u>
SUPPLEMENTARY INFORMATION:	
SCHEDULE III - Schedule of Expenses - Direct and Indirect Costs	24
SCHEDULE IV - Combining Schedule of Activities	25
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 <i>GOVERNMENT AUDITING STANDARDS</i>	30
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	33
SCHEDULE OF FINDINGS AND QUESTIONED COSTS:	
Section I - Summary of Auditors' Results	37
Section II - Findings Relating to the Financial Statements Reported In Accordance with <i>Government Auditing Standards</i>	38
Section III - Findings and Questioned Costs Related to Federal Awards	38
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS	39



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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, 2018, 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 the **Total Community Action, Inc.** as of December 31, 2018, 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 June 25, 2019, 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

June 25, 2019

TOTAL COMMUNITY ACTION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

ASSETS

Cash	\$ 1,037,991
Grants receivable (NOTE 4)	521,145
Other receivable	17,910
Investments (NOTE 7)	2,277,037
Property and equipment, net (NOTE 5)	6,222,263
Economic interest (NOTE 6)	<u>433,200</u>
 Total assets	 <u><u>\$ 10,509,546</u></u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable and accrued liabilities	\$ 747,550
Other liabilities	<u>5,362</u>
 Total liabilities	 <u>752,912</u>
Net Assets (NOTE 2):	
Without donor restrictions	8,847,954
With donor restrictions (NOTE 12)	<u>908,680</u>
 Total net assets	 <u>9,756,634</u>
 Total liabilities and net assets	 <u><u>\$ 10,509,546</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, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>REVENUE AND SUPPORT:</u>			
Government grants	\$ 15,397,781	\$ 2,657,566	\$ 18,055,347
Contributions	12,000	57,500	69,500
Investment loss (NOTE 7)	(103,398)	-	(103,398)
Other	64,449	500	64,949
Net assets released from restrictions:			
Satisfaction of program restrictions	2,605,988	(2,605,988)	-
Total revenue and support	<u>17,976,820</u>	<u>109,578</u>	<u>18,086,398</u>
<u>EXPENSES:</u>			
Program services	17,311,422	-	17,311,422
Supporting services	1,350,912	-	1,350,912
Total expenses	<u>18,662,334</u>	<u>-</u>	<u>18,662,334</u>
<u>OTHER CHANGES IN NET ASSETS</u>			
Reclassification of previously reported net assets (NOTE 11)	9,568,879	(9,568,879)	-
Change in net assets	8,883,365	(9,459,301)	(575,936)
Net assets at beginning of year	(35,411)	10,367,981	10,332,570
Net assets at end of year	<u>\$ 8,847,954</u>	<u>\$ 908,680</u>	<u>\$ 9,756,634</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, 2018

<u>EXPENSES (SCHEDULE IV)</u>	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
Salaries and wages	\$ 7,895,713	\$ 559,534	\$ 8,455,247
Fringe benefits	2,259,073	171,720	2,430,793
Travel	41,239	233	41,472
Contractual	1,416,539	9,138	1,425,677
Professional fees	47,761	12,797	60,558
Supplies	720,359	19,443	739,802
Food costs	902,828	-	902,828
Subrecipient costs	1,699,522	-	1,699,522
Equipment expense	172,509	15,618	188,127
Maintenance and repairs	552,597	-	552,597
Insurance	231,236	-	231,236
Assistance to individual	236,202	48,188	284,390
Telephone	106,620	-	106,620
Utilities	399,293	-	399,293
Occupancy	328,015	63,619	391,634
Vehicle expense	65,735	-	65,735
Postage	9,396	234	9,630
Depreciation	-	347,542	347,542
Other costs	226,785	102,846	329,631
 Total	 <u>\$ 17,311,422</u>	 <u>\$ 1,350,912</u>	 <u>\$ 18,662,334</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, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (575,936)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation expense	347,542
Unrealized losses on investments	292,311
Decrease in grants receivable	64,754
Increase in other receivable	(6,723)
Decrease in accounts payable and accrued liabilities	(300,421)
Increase in other liabilities	5,362
Net cash used in operating activities	<u>(173,111)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments	<u>(130,976)</u>
Net cash used in investing activities	<u>(130,976)</u>
Net decrease in cash	(304,087)
Cash at beginning of year	<u>1,342,078</u>
Cash at end of year	<u><u>\$ 1,037,991</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, 2018.

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, 2018, 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, and cash equivalent amounts 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 2015 through 2017 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, 2018, TCA had uninsured deposits totaling \$296,042.

NOTE 4 - GRANTS RECEIVABLE:

Grants receivable consist of the following as of December 31, 2018:

U.S. Department of Health and Human Services	\$127,165
City of New Orleans	73,010
State of Louisiana - Department of Education	129,090
State of Louisiana - Louisiana Workforce Commission	<u>191,880</u>
	<u>\$521,145</u>

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

NOTE 5 - PROPERTY AND EQUIPMENT:

Property and equipment at December 31, 2018, 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>(2,665,523)</u>
Property and equipment being depreciated	6,113,963
Land	<u>108,300</u>
Property and equipment, net	<u>\$ 6,222,263</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, 2018. Also, the federal government have a financial interest in the buildings and improvements.

Depreciation expense for the year ended December 31, 2018 was \$347,542.

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, 2018, consist of the following:

	<u>Cost</u>	<u>Fair Value</u>
Money market accounts	\$ 28,905	\$ 28,905
Government securities	258,516	253,697
Mutual funds	1,174,059	1,199,536
Common stocks	<u>888,280</u>	<u>794,899</u>
	<u>\$2,349,760</u>	<u>\$2,277,037</u>

Investment income (loss) for the year ended December 31, 2018, consists of the following:

Interest and dividend income	\$ 188,913
Unrealized loss on investment securities	<u>(292,311)</u>
Investment loss , net	<u>\$(103,398)</u>

NOTE 8 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

TCA maintains adequate operating reserves. Current financial assets totaling \$3,854,083 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, 2018 was 9.5% or \$792,211. 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, 2018 totaled \$288,343. The aggregate maturities of the long-term lease consist of the following:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2019	\$ 209,975
2020	209,975
2021	209,975
2022	209,975
2023-2027	1,049,875
2028-2032	1,049,875
2033-2037	1,049,875
2038-2042	1,049,875
2043-2047	1,049,875
2048-2050	<u>629,925</u>
	<u>\$6,719,200</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.

NOTE 11 - RECLASSIFICATION OF PREVIOUSLY
REPORTED NET ASSETS:

Net assets in the amount of \$9,568,879 previously reported at December 31, 2017 as temporarily restricted were reclassified to net assets without donor restrictions after TCA determined that the nature of these net assets were without donor restrictions.

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

NOTE 12 - DONOR RESTRICTED NET ASSETS:

As of December 31, 2018, donor restricted net assets consist of the following:

Assets for Independence Demonstration	\$ 62,873
Home Energy Assistance Program	273,489
Louisiana Public Health Institute	53,250
Financial Futures	2,906
Greater New Orleans Foundation	52,747
Unity of Greater New Orleans Inc.	2,598
Health Marriage and Responsible Fatherhood Community Demonstration Initiative	750
Community Services Block Grant	17,784
Frontline Solutions International	3,753
City of New Orleans - Goodwill	2,581
W.K. Kellogg Foundation	183,726
City of New Orleans - GVRS	95,736
City of New Orleans - Summer Youth	7,296
City of New Orleans - NOLA for Life	32,054
City of New Orleans - Youth Summer Camp Partnership	3,077
Opportunity Center	103,939
Sewerage and Water Board - 2018	9,998
Food Distribution Program	<u>123</u>
	<u>\$908,680</u>

NOTE 13 - UNEMPLOYMENT FUND:

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

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

NOTE 13 - UNEMPLOYMENT FUND, CONTINUED:

Transfers of \$122,655 were made from program funds to the unemployment insurance fund for the year ended December 31, 2018, 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, 2018 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, 2018 totaled \$288,343.

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, 2018, the balance of insurance proceeds (\$1,182,183) will be classified to net assets without 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 96% 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 account	\$ 28,905	\$-0-	\$-0-
Government securities	253,697	-0-	-0-
Mutual funds	1,199,536	-0-	-0-
Common stocks	<u>794,899</u>	<u>-0-</u>	<u>-0-</u>
	<u>\$2,277,037</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 June 25, 2019, 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.

SUPPLEMENTARY INFORMATION

TOTAL COMMUNITY ACTION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

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		\$ 1,699,522	\$ 13,071,528
Early Head Start/Child Care Partnership	93.600		-	971,469
Subtotal - Direct Awards			<u>1,699,522</u>	<u>14,042,997</u>
<i><u>Awards from a Pass-Through Entity</u></i>				
<u>Passed-Through: Louisiana Workforce Commission</u>				
Community Services Block Grant	93.569		-	1,644,820
<u>Passed-Through: Louisiana Housing Corporation</u>				
Low-Income Home Energy Assistance Program	93.568		-	357,894
Subtotal - Awards from Pass-Through Entities			<u>-</u>	<u>2,002,714</u>
Total U.S. Department of Health and Human Services			<u>1,699,522</u>	<u>16,045,711</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		-	1,031,163
Total U.S. Department of Agriculture			<u>-</u>	<u>1,031,163</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	-	290,208
U.S. Department of Housing and Urban Development			<u>-</u>	<u>290,208</u>
Total Expenditures of Federal Awards			<u>\$ 1,699,522</u>	<u>\$ 17,367,082</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, 2018

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, 2018. 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	\$1,162,585
Urban League of Greater New Orleans	<u>536,937</u>
	<u>\$1,699,522</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, 2018

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED

NOTE D - IN-KIND CONTRIBUTIONS:

As of December 31, 2018, the in-kind contributions consist of the following:

Head Start and Early Head Start	\$2,771,921
Early Head Start/Child Care Partnership	<u>142,010</u>
	<u>\$2,913,931</u>

TCA's Head Start and Early Head Start Program was in compliance with the matching requirement at December 31, 2018.

TCA's Early Head Start/Child Care Partnership program was in compliance with the matching requirement for the grant year ended August 31, 2018.

See Independent Auditors' Report on Supplementary Information.

TOTAL COMMUNITY ACTION, INC.
SCHEDULE OF EXPENSES - DIRECT AND INDIRECT COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Direct Costs</u>	<u>Indirect Cost</u>	<u>Total Costs</u>
Salaries and wages	\$ 8,055,131	\$ 400,116	\$ 8,455,247
Fringe benefits	2,330,404	100,389	2,430,793
Travel	41,472	-	41,472
Contractual	1,425,422	255	1,425,677
Professional fees	51,528	9,030	60,558
Supplies	739,802	-	739,802
Food costs	902,828	-	902,828
Subrecipient costs	1,699,522	-	1,699,522
Equipment expense	187,580	547	188,127
Maintenance and repairs	552,597	-	552,597
Insurance	231,236	-	231,236
Assistance to individual	284,390	-	284,390
Telephone	106,620	-	106,620
Utilities	399,293	-	399,293
Occupancy	387,318	4,316	391,634
Vehicle expense	65,735	-	65,735
Postage	9,630	-	9,630
Depreciation	347,542	-	347,542
Other costs	327,046	2,585	329,631
Total	\$ 18,145,096	\$ 517,238	\$ 18,662,334

See Independent Auditors' Report on Supplementary Information.

TOTAL COMMUNITY ACTION, INC.
COMBINING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

SCHEDULE IV

PROGRAM SERVICES

	Head Start and Early Head Start Grant	Early Head Start/Child Care Partnership Grant	W.K. Kellogg Foundation	Child Care Food Program	Community Service Block Grant	City of New Orleans GVRS
Revenue and Support						
Government grants	\$ 13,068,448	\$ 971,469	\$ -	\$ 1,031,163	\$ 1,644,820	\$ 141,014
Contributions	-	-	-	-	-	-
Investment income (loss)	1,380	-	-	-	-	-
Other	1,700	-	500	-	-	-
Total revenue and support	13,071,528	971,469	500	1,031,163	1,644,820	141,014
Expenses						
Salaries and wages	5,981,440	150,291	18,817	447,123	963,537	36,746
Fringe benefits	1,824,975	39,939	3,787	56,349	256,430	11,836
Travel	21,753	2,835	1,773	-	12,809	-
Contractual	511,015	752,657	95,767	250	-	1,850
Professional fees	47,151	-	-	-	-	-
Supplies	582,424	8,338	15,438	68,122	28,339	-
Food costs	395,471	-	-	456,998	17,242	-
Subrecipient costs	1,699,522	-	-	-	-	-
Equipment expense	113,750	3,280	-	-	53,016	2,463
Maintenance and repairs	537,212	-	-	-	15,385	-
Insurance	208,435	-	-	-	22,631	-
Assistance to individual	-	-	-	-	44,304	-
Telephone	49,656	611	-	-	56,353	-
Utilities	365,452	-	-	-	29,259	-
Occupancy	188,548	-	-	-	119,847	-
Vehicle expense	48,321	-	-	-	17,364	-
Postage	4,382	-	-	-	2,231	-
Depreciation	-	-	-	-	-	-
Other costs	147,538	13,518	39,812	2,321	6,073	1,341
Total expenses	12,727,045	971,469	175,394	1,031,163	1,644,820	54,236
Change in net assets	344,483	-	(174,894)	-	-	86,778
Transfers in (out)	(344,483)	-	(5,412)	-	-	-
Net assets, beginning of year	-	-	364,032	-	17,784	8,958
Net assets, end of year	\$ -	\$ -	\$ 183,726	\$ -	\$ 17,784	\$ 95,736

See Independent Auditors' Report on Supplementary Information.

TOTAL COMMUNITY ACTION, INC.
COMBINING SCHEDULE OF ACTIVITIES, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2018

SCHEDULE IV

PROGRAM SERVICES

	City of New Orleans Emergency Solutions Grant	Opportunity Center	City of New Orleans Summer Youth	S&WB 2018	Food Distribution Program	Frontline Solutions International	Greater New Orleans Foundation	Louisiana Public Health Institute
Revenue and Support								
Government grants	\$ 290,208	\$ 317,744	\$ 70,740	\$ 45,000	\$ 42,451	\$ -	\$ -	\$ -
Contributions	-	-	-	-	-	-	-	-
Investment income (loss)	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenue and support	<u>290,208</u>	<u>317,744</u>	<u>70,740</u>	<u>45,000</u>	<u>42,451</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenses								
Salaries and wages	69,540	156,130	13,725	25,200	-	-	-	-
Fringe benefits	7,762	41,597	3,615	9,802	-	-	-	-
Travel	-	2,069	-	-	-	-	-	-
Contractual	-	-	53,950	-	1,050	-	-	-
Professional fees	-	610	-	-	-	-	-	-
Supplies	-	8,352	-	-	4,358	-	-	-
Food costs	-	-	-	-	33,117	-	-	-
Subrecipient costs	-	-	-	-	-	-	-	-
Equipment expense	-	-	-	-	-	-	-	-
Maintenance and repairs	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	170	-	-	-
Assistance to individual	188,688	3,210	-	-	-	-	-	-
Telephone	-	-	-	-	-	-	-	-
Utilities	4,582	-	-	-	-	-	-	-
Occupancy	19,620	-	-	-	-	-	-	-
Vehicle expense	-	-	-	-	50	-	-	-
Postage	-	-	-	-	2,783	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Other costs	-	1,837	-	-	800	-	-	-
Total expenses	<u>290,192</u>	<u>213,805</u>	<u>71,290</u>	<u>35,002</u>	<u>42,328</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	16	103,939	(550)	9,998	123	-	-	-
Transfers in (out)	(16)	-	-	-	-	-	-	-
Net assets, beginning of year	-	-	7,846	-	-	3,753	425	53,250
Net assets, end of year	<u>\$ -</u>	<u>\$ 103,939</u>	<u>\$ 7,296</u>	<u>\$ 9,998</u>	<u>\$ 123</u>	<u>\$ 3,753</u>	<u>\$ 425</u>	<u>\$ 53,250</u>

See Independent Auditors' Report on Supplementary Information.

TOTAL COMMUNITY ACTION, INC.
COMBINING SCHEDULE OF ACTIVITIES, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2018

SCHEDULE IV

PROGRAM SERVICES

	Financial Futures	Healthy Marriage and Responsible Fatherhood Community Demonstration Initiative	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	City of New Orleans NOLA for Life
Revenue and Support							
Government grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions	-	-	-	-	-	-	-
Investment income (loss)	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total revenue and support	-	-	-	-	-	-	-
Expenses							
Salaries and wages	-	-	-	-	-	-	-
Fringe benefits	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
Contractual	-	-	-	-	-	-	-
Professional fees	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Food costs	-	-	-	-	-	-	-
Subrecipient costs	-	-	-	-	-	-	-
Equipment expense	-	-	-	-	-	-	-
Maintenance and repairs	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-
Assistance to individual	-	-	-	-	-	-	-
Telephone	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Occupancy	-	-	-	-	-	-	-
Vehicle expense	-	-	-	-	-	-	-
Postage	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Other costs	-	-	-	-	-	-	629
Total expenses	-	-	-	-	-	-	629
Change in net assets	-	-	-	-	-	-	(629)
Transfers in (out)	-	-	-	-	-	-	-
Net assets, beginning of year	2,906	750	2,598	62,873	2,581	3,077	32,683
Net assets, end of year	\$ 2,906	\$ 750	\$ 2,598	\$ 62,873	\$ 2,581	\$ 3,077	\$ 32,054

See Independent Auditors' Report on Supplementary Information.

TOTAL COMMUNITY ACTION, INC.
COMBINING SCHEDULE OF ACTIVITIES, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2018

SCHEDULE IV

	PROGRAM SERVICES				SUPPORTING SERVICES		
	Langeloth Foundation	GNO Foundation	United Way Vita Program	Sub-total	General Fund	Home Energy Assistance Program	Property and Equipment
Revenue and Support							
Government grants	\$ -	\$ -	\$ 36,493	\$ 17,659,550	\$ -	\$ 395,797	\$ -
Contributions	12,000	57,500	-	69,500	-	-	-
Investment income (loss)	-	-	-	1,380	(4,028)	-	-
Other	-	-	-	2,200	62,749	-	-
Total revenue and support	12,000	57,500	36,493	17,732,630	58,721	395,797	-
Expenses							
Salaries and wages	-	-	33,164	7,895,713	10,728	148,690	-
Fringe benefits	-	-	2,981	2,259,073	(1,753)	58,849	-
Travel	-	-	-	41,239	-	233	-
Contractual	-	-	-	1,416,539	880	-	-
Professional fees	-	-	-	47,761	-	3,767	-
Supplies	4,875	-	113	720,359	-	19,443	-
Food costs	-	-	-	902,828	-	-	-
Subrecipient costs	-	-	-	1,699,522	-	-	-
Equipment expense	-	-	-	172,509	-	15,071	-
Maintenance and repairs	-	-	-	552,597	-	-	-
Insurance	-	-	-	231,236	(10,998)	-	-
Assistance to individual	-	-	-	236,202	-	48,188	-
Telephone	-	-	-	106,620	-	-	-
Utilities	-	-	-	399,293	-	-	-
Occupancy	-	-	-	328,015	-	59,303	-
Vehicle expense	-	-	-	65,735	-	-	-
Postage	-	-	-	9,396	-	234	-
Depreciation	-	-	-	-	-	-	347,542
Other costs	7,438	5,178	300	226,785	67,616	4,116	-
Total expenses	12,313	5,178	36,558	17,311,422	66,473	357,894	347,542
Change in net assets	(313)	52,322	(65)	421,208	(7,752)	37,903	(347,542)
Transfers in (out)	313	-	65	(349,533)	(167,705)	-	-
Net assets, beginning of year	-	-	-	563,516	(35,411)	235,586	6,569,805
Net assets, end of year	\$ -	\$ 52,322	\$ -	\$ 635,191	\$ (210,868)	\$ 273,489	\$ 6,222,263

See Independent Auditors' Report on Supplementary Information.

TOTAL COMMUNITY ACTION, INC.
 COMBINING SCHEDULE OF ACTIVITIES, CONTINUED
 FOR THE YEAR ENDED DECEMBER 31, 2018

SCHEDULE IV

SUPPORTING SERVICES

	Indirect Cost Account	Unemployment	Insurance Hurricane Katrina	Sub-total	Grand Total
Revenue and Support					
Government grants	\$ -	\$ -	\$ -	\$ 395,797	\$ 18,055,347
Contributions	-	-	-	-	69,500
Investment income (loss)	-	(70,565)	(30,185)	(104,778)	(103,398)
Other	-	-	-	62,749	64,949
Total revenue and support	<u>-</u>	<u>(70,565)</u>	<u>(30,185)</u>	<u>353,768</u>	<u>18,086,398</u>
Expenses					
Salaries and wages	400,116	-	-	559,534	8,455,247
Fringe benefits	100,389	14,235	-	171,720	2,430,793
Travel	-	-	-	233	41,472
Contractual	255	-	8,003	9,138	1,425,677
Professional fees	9,030	-	-	12,797	60,558
Supplies	-	-	-	19,443	739,802
Food costs	-	-	-	-	902,828
Subrecipient costs	-	-	-	-	1,699,522
Equipment expense	547	-	-	15,618	188,127
Maintenance and repairs	-	-	-	-	552,597
Insurance	-	-	-	(10,998)	220,238
Assistance to individual	-	-	-	48,188	284,390
Telephone	-	-	-	-	106,620
Utilities	-	-	-	-	399,293
Occupancy	4,316	-	-	63,619	391,634
Vehicle expense	-	-	-	-	65,735
Postage	-	-	-	234	9,630
Depreciation	-	-	-	347,542	347,542
Other costs	2,585	32,971	6,556	113,844	340,629
Total expenses	<u>517,238</u>	<u>47,206</u>	<u>14,559</u>	<u>1,350,912</u>	<u>18,662,334</u>
Change in net assets	(517,238)	(117,771)	(44,744)	(997,144)	(575,936)
Transfers in (out)	517,238	-	-	349,533	-
Net assets, beginning of year	<u>-</u>	<u>1,772,147</u>	<u>1,226,927</u>	<u>9,769,054</u>	<u>10,332,570</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ 1,654,376</u>	<u>\$ 1,182,183</u>	<u>\$ 9,121,443</u>	<u>\$ 9,756,634</u>

See Independent Auditors' Report on Supplementary Information.

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, 2018, 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 June 25, 2019.

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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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)

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

June 25, 2019

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, 2018. **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, 2018.

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

June 25, 2019

TOTAL COMMUNITY ACTION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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: **None Reported.** 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)
 - Community Services Block Grant (CFDA No. 93.569)
 - United States Department of Agriculture
 - Child Care Food Program (CFDA No. 10.558)
- 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: **No.**

TOTAL COMMUNITY ACTION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2018

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

No matters reported.

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, 2018

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

2017-001 - Matching

Head Start and Early Head Start, CFDA No. 93.600

TCA was recommended to monitor non-Federal contributions monthly to ensure that the grant's matching requirement is met.

Current Status

Resolved.

SECTION III - MANAGEMENT LETTER COMMENTS

No prior year comments reported.

TOTAL COMMUNITY ACTION, INC.
INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2018

**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, 2018 ("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 to 4 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

Our procedures and findings related to the agreed-upon procedures are as follows:

Written Policies and Procedures

1. We obtained and inspected TCA's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity'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/Collections***, 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 cutoff 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.

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.

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

- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, 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 (e.g., determining the reasonableness of fuel card purchases).

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.

Bank Reconciliations

2. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify TCA's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exceptions were noted.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged);

No exceptions were noted.

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

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions were noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

3. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

No exceptions were noted.

4. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

No exceptions were noted.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions were noted.

5. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

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

June 25, 2019