

TOTAL COMMUNITY ACTION, INC.

**FINANCIAL STATEMENTS
AND
AUDITOR'S REPORT**

December 31, 2013

TOTAL COMMUNITY ACTION, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Total Community Action, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Total Community Action, Inc. (a non-profit organization), which comprise the statement of the financial position as of December 31, 2013, and the related statements of activities, 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate to 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, 2013, 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.

Report on Summarized Comparative Information

We have previously audited Total Community Action, Inc.'s 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 24, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules listed in the table of contents are presented for the purpose of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2014, on our consideration of Total Community Action, Inc.'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 Total Community Action, Inc.'s internal control over financial reporting and compliance.

Justin J. Scanlon, CPA, CFC

New Orleans, Louisiana
April 22, 2014

TOTAL COMMUNITY ACTION, INC.
STATEMENT OF FINANCIAL POSITION

December 31, 2013

		SUMMARIZED COMPARATIVE INFORMATION <u>December 31, 2012</u>
ASSETS		
Cash	\$ 684,993	\$ 580,322
Certificates of deposit	31,755	541,071
Investment securities (Notes A5 and B)	2,136,009	1,821,323
Receivables		
Grants (Notes A6 and C)	1,085,479	2,374,560
Interest	44	195
Other	<u>4,805</u>	<u>348,812</u>
	<u>1,090,328</u>	<u>2,723,567</u>
Property and equipment-at cost (Note A4 and D)	7,781,450	7,865,738
Economic interest – Economic Development Unit, Inc. (Note E)	<u>433,200</u>	<u>433,200</u>
Total assets	<u>\$ 12,157,735</u>	<u>\$ 13,965,221</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued liabilities	\$ 1,190,736	\$ 2,786,733
Pension contribution payable (Note F)	<u>29,410</u>	<u>28,680</u>
Total liabilities	<u>1,220,146</u>	<u>2,815,413</u>
Commitments (Note G)	-	-
Net assets		
Unrestricted	181,190	241,935
Temporarily restricted (Note H)	9,312,795	9,602,301
Permanently restricted (Note I)	<u>1,443,604</u>	<u>1,305,572</u>
Total net assets	<u>10,937,589</u>	<u>11,149,808</u>
Total liabilities and net assets	<u>\$ 12,157,735</u>	<u>\$ 13,965,221</u>

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

TOTAL COMMUNITY ACTION, INC.
STATEMENT OF ACTIVITIES

For the year ended December 31, 2013

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>	<u>SUMMARIZED COMPARATIVE INFORMATION For the year ended December 31, 2012</u>
REVENUES					
Government grants	\$ -	\$ 31,229,399	\$ -	\$ 31,229,399	\$ 33,052,290
Investment income (Note B)	1,374	16,168	54,712	72,254	39,079
Other	1,274	-	-	1,274	11,507
Net assets released from restrictions	<u>31,451,753</u>	<u><31,535,073></u>	<u>83,320</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>31,454,401</u>	<u><289,506></u>	<u>138,032</u>	<u>31,302,927</u>	<u>33,102,876</u>
EXPENSES					
Salaries	8,041,050	-	-	8,041,050	8,222,763
Fringe benefits	2,552,673	-	-	2,552,673	2,823,961
Travel	103,515	-	-	103,515	161,614
Contractual	2,439,513	-	-	2,439,513	2,367,503
Supplies	625,648	-	-	625,648	987,018
Food costs	759,983	-	-	759,983	792,839
Subrecipient costs	8,949,004	-	-	8,949,004	9,411,401
Equipment expense	244,943	-	-	244,943	264,047
Insurance	249,974	-	-	249,974	248,041
Assistance to individuals	3,232,336	-	-	3,232,336	3,676,224
Telephone	228,897	-	-	228,897	212,732
Occupancy	778,932	-	-	778,932	691,408
Construction costs	2,726,084	-	-	2,726,084	596,598
Vehicle expense	37,756	-	-	37,756	16,477
Postage	10,641	-	-	10,641	9,252
Other costs	<u>534,197</u>	<u>-</u>	<u>-</u>	<u>534,197</u>	<u>614,843</u>
TOTAL EXPENSES	<u>31,515,146</u>	<u>-</u>	<u>-</u>	<u>31,515,146</u>	<u>31,096,721</u>
Increase <decrease> in net assets	< 60,745>	< 289,506>	138,032	< 212,219>	2,006,155
Return funds to funding source	-	-	-	-	< 6,125>
Net assets, beginning of year	<u>241,935</u>	<u>9,602,301</u>	<u>1,305,572</u>	<u>11,149,808</u>	<u>9,149,778</u>
Net assets, end of year	<u>\$ 181,190</u>	<u>\$ 9,312,795</u>	<u>\$ 1,443,604</u>	<u>\$ 10,937,589</u>	<u>\$ 11,149,808</u>

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

TOTAL COMMUNITY ACTION, INC.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2013

	SUMMARIZED COMPARATIVE INFORMATION For the year ended <u>December 31, 2012</u>	
Increase <decrease> in cash and cash equivalents		
Cash flows from operating activities:		
Increase <decrease> in net assets	\$ < 212,219>	\$ 2,006,155
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Unrealized appreciation <depreciation> of investments	18,909	5,802
<Gain> loss on sale of securities	5,358	17,371
Depreciation expense	258,721	209,018
Return of funds to funding source	-	< 6,125>
Changes in assets and liabilities:		
<Increase > decrease in grants receivable	1,289,081	313,046
<Increase > decrease in accrued interest	151	66
<Increase > decrease in other receivables	344,007	< 340,383>
Increase <decrease> in accounts payable and accrued liabilities	< 1,595,997>	641,941
Increase <decrease> in pension contribution payable	<u>730</u>	<u>< 162,558></u>
Net cash provided by (used in) operating activities	<u>108,741</u>	<u>2,684,333</u>
Cash flows from investing activities:		
Purchase of investment securities	< 1,253,138>	< 1,047,296>
Proceeds from sale of investments	914,185	922,394
Purchase of certificates of deposit	< 139>	< 3,325>
Liquidation of certificates of deposit	509,455	-
Capitalization of building costs	<u>< 174,433></u>	<u>< 2,211,341></u>
Net cash provided by (used in) investing activities	<u>< 4,070></u>	<u>< 2,339,568></u>
Net increase <decrease> in cash and cash equivalents	104,671	344,765
Cash and cash equivalents, beginning of year	<u>580,322</u>	<u>235,557</u>
Cash and cash equivalents, end of year	<u>\$ 684,993</u>	<u>\$ 580,322</u>

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

TOTAL COMMUNITY ACTION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Nature of Activities

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

2. Presentation of Financial Statements

The corporation's financial statements are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 958. Accordingly, the net assets of the corporation are classified to present the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the corporation and/or the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that the corporation maintains them permanently. Generally, the donors of these assets permit the corporation to use all or part of the income earned on related investments for general or specific purposes.

3. Revenue Recognition

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

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

4. Property and Equipment

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, principally on the straight-line method. The depreciation expense for the year ended December 31, 2013 totaled \$258,721.

TOTAL COMMUNITY ACTION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. **Property and Equipment - Continued**

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

5. **Investment Securities**

Under FASB 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.

6. **Receivables**

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

7. **Cash Equivalents**

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

8. **Estimates**

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

9. **Fair Values of Financial Investments**

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

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

10. **Functional Allocation of Expenses**

The expense of providing the program and other activities has been summarized on a functional basis in Note O. Certain of those expenses have been allocated among the program and supporting services based on estimates by management of the costs involved.

TOTAL COMMUNITY ACTION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

11. Subsequent Events

The subsequent events of the organization were evaluated through the date the financial statements were available to be issued (April 22, 2014).

12. Summarized Comparative Information

Summarized comparative information are presented only to assist with financial analysis. Data in these columns do not present financial position or changes in net assets in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE B - INVESTMENT SECURITIES

Investment securities, cost and approximate market value at December 31, 2013, consist of the following:

	<u>Fair Market Value</u>	<u>Cost</u>
Money market accounts	\$ 28,145	\$ 28,145
Government securities	1,244,546	1,265,541
Mutual funds	<u>863,318</u>	<u>811,544</u>
	<u>\$ 2,136,009</u>	<u>\$ 2,105,230</u>

The unrealized appreciation for the year ended December 31, 2013, totaled \$18,909. As of December 31, 2013, the cumulative unrealized appreciation totaled \$30,779.

Investment income for the year ended December 31, 2013, consists of the following:

Interest income	\$ 26,056
Dividend income	32,647
Loss on sale of securities	< 5,358 >
Unrealized appreciation of investment securities	<u>18,909</u>
	<u>\$ 72,254</u>

TOTAL COMMUNITY ACTION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2013

NOTE C - GRANTS RECEIVABLE

The grants receivable consist of the following as of December 31, 2013:

U.S. Department of Health and Human Services	\$ 641,876
City of New Orleans	71,596
State of Louisiana – Department of Education	231,381
State of Louisiana – Louisiana Workforce Commission	116,546
Louisiana Association of Community Action Partnerships	<u>24,080</u>
	<u>\$ 1,085,479</u>

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2013, consist of the following:

Building	\$ 4,453,353
Building improvements	<u>4,202,977</u>
	8,656,330
Less accumulated depreciation	<u>< 983,180 ></u>
	7,673,150
Land	<u>108,300</u>
	<u>\$ 7,781,450</u>

Total Community Action, Inc. follows the practice of not capitalizing furniture, fixtures and equipment acquired with federal or state funds, since the government has a reversionary interest in such assets. These assets total \$673,417 at December 31, 2013. Also, the federal government has a financial interest in the buildings and improvements.

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

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

TOTAL COMMUNITY ACTION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2013

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

The unaudited financial statements of Economic Development Unit, Inc. as of and for the year ended December 31, 2013, consist of the following:

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013**

	ASSETS		LIABILITIES AND NET ASSETS
Cash	\$ 53,467	Note payable-financial institutions	\$ 459,305
Receivables	9,356	Accounts payable and accrued liabilities	<u>37,359</u>
Property and equipment-at cost		Total liabilities	496,664
Building	604,030		
Improvements	<u>78,365</u>	Net assets - unrestricted	<u>< 233,841 ></u>
	682,395	Total net assets	<u>< 233,841 ></u>
less accumulated depreciation	<u><682,395></u>	Total liabilities and net assets	<u>\$ 262,823</u>
	-		
Land	<u>200,000</u>		
	<u>200,000</u>		
Total assets	<u>\$ 262,823</u>		

**STATEMENT OF ACTIVITIES
For the year ended December 31, 2013**

REVENUE	
Rental income	\$ 235,608
Interest income	515
Other income	<u>9,600</u>
Total revenue	<u>245,723</u>
EXPENSES	
Rental expenses	115,812
Management and general	96,620
Repairs – Katrina related	<u>61,378</u>
Total expenses	<u>273,810</u>
Increase <decrease> in net assets	< 28,087 >
Net assets, beginning of year	<u>< 205,754 ></u>
Net assets, end of year	<u>\$ < 233,841 ></u>

TOTAL COMMUNITY ACTION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2013

NOTE F – PENSION PLAN

Total Community Action, Inc. sponsors a defined contribution employee pension plan covering all employees twenty-one years or older who have worked for the corporation a minimum of three years. The corporation decides the amount, if anything, to contribute each year to the individual retirement accounts for the eligible employees based on a percentage of annual compensation. The percentage for the year ended December 31, 2013 was 9.5% or \$764,308. There was no change in the percentage from the prior year.

NOTE G – COMMITMENTS

The corporation leases its administrative and program offices. The offices located at South Jefferson Davis Parkway, New Orleans are leased through December 31, 2050. All other offices are leased annually. The rental expense for the year ended December 31, 2013 totaled \$386,575. The aggregate maturities of the long-term lease consist of the following:

<u>Year ended</u> <u>December 31,</u>	
2014	\$ 209,975
2015	209,975
2016	209,975
2017	209,975
2018	209,975
2019-2023	1,049,875
2024-2028	1,049,875
2029-2033	1,049,875
2034-2038	1,049,875
2039-2043	1,049,875
2044-2048	1,049,875
2049-2050	419,950
	<u>\$ 7,769,075</u>

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

TOTAL COMMUNITY ACTION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2013

NOTE H – TEMPORARILY RESTRICTED NET ASSETS

As of December 31, 2013, the temporarily restricted net assets consist of the following:

Assets For Independence Demonstration	\$ 62,873
Home Energy Assistance Program	170,351
Louisiana Public Health Institute	6,229
Financial futures	2,906
Emergency Food and Shelter Program	15
Greater New Orleans Foundation	50,974
Unity of Greater New Orleans, Inc.	2,598
Insurance – Hurricane Katrina	1,212,739
Property and equipment	7,781,450
Healthy Marriage and Responsible Fatherhood Community Demonstration Initiative	750
Community Services Block Grant	12,013
Frontline Solutions International	7,316
City of New Orleans - Goodwill	2,581
	<u>\$ 9,312,795</u>

NOTE I – PERMANENTLY RESTRICTED NET ASSETS

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

Transfers of \$121,505 were made from program funds to the unemployment insurance fund for the year ended December 31, 2013, which is accounted for as revenue of the unemployment insurance fund and an expense of the related program. The unemployment insurance fund reimburses the unrestricted fund for all direct costs in administering the program and transfers all net interest income earned on unemployment insurance funds to the unrestricted fund.

All known claims as of December 31, 2013 have been recorded in the financial statements.

NOTE J – RELATED PARTY TRANSACTIONS

The principal premises of Total Community Action, Inc. is leased from an affiliated non-profit corporation. The lease is a long-term lease expiring December 31, 2050. The rental payments for the year ended December 31, 2013 totaled \$232,032.

NOTE K – INCOME TAXES

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

TOTAL COMMUNITY ACTION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2013

NOTE K – INCOME TAXES - CONTINUED

The corporation has adopted the provisions of FASB ASC 740-10-25, which requires a tax position be recognized or derecognized based on a “more likely than not” threshold. This applies to positions taken or expected to be taken in a tax return. The corporation does not believe its financial statements include any uncertain tax positions. The tax returns for the year ended December 31, 2010, 2011, and 2012 remain open for examination by the Internal Revenue Service. The tax return for the year ended December 31, 2013 has not been filed as of the report date.

NOTE L – BOARD OF DIRECTORS

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

NOTE M – INSURANCE – HURRICANE KATRINA

During 2006, the corporation received insurance proceeds totaling \$1,536,814. Since the premiums were paid with federal and non-federal funds, the corporation elected to utilize the non-federal portion first. As of December 31, 2013, the balance of insurance proceeds (\$1,212,739) will be classified as temporarily restricted net assets and benefit the programs that directly contributed to the end-of-year amounts (Head-Start Program).

NOTE N – CONCENTRATION OF CREDIT RISK

The corporation’s cash balance as of December 31, 2013, before deducting outstanding checks, consists of the following:

Financial institutions		\$ 1,452,830
Less: FDIC and FSLIC insurance	\$ 527,070	
Pledged securities	<u>387,358</u>	<u>< 914,428 ></u>
Unsecured balance		<u>\$ 538,402</u>

Total Community Action, Inc. invests in corporate bonds, government securities, and mutual funds. Investment securities are subject to various risks; such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term.

TOTAL COMMUNITY ACTION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2013

NOTE O – FUNCTIONAL EXPENSES

The functional expenses for the year ended December 31, 2013 consist of the following:

Program services	
Daycare/Head Start Services	\$ 24,774,267
Community Services	1,762,528
Home Energy Assistance	3,627,246
Food Distribution Program	<u>53,566</u>
	<u>30,217,607</u>
Supportive services	
Management and General	<u>1,297,539</u>
Total expenses	<u>\$ 31,515,146</u>

NOTE P – ECONOMIC DEPENDENCY

Total Community Action, Inc. receives a majority of its revenues from funds provided through grants administered by the Department of Human Services and the State of Louisiana. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are effected at the federal and/or state level, the amount of the funds Total Community Action, Inc. receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds Total Community Action, Inc. will receive in the next fiscal year.

The corporation is supported primarily through grants from governmental agencies. Approximately 99% of the corporation support for the year ended December 31, 2013 came from these grants.

NOTE Q – 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.

TOTAL COMMUNITY ACTION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2013

NOTE Q – FAIR VALUES OF FINANCIAL INSTRUMENTS - CONTINUED

		<u>Fair Value Measurement of Reporting Date</u>		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market accounts	\$ 28,145	\$ 28,145	\$ -	\$ -
Certificates of deposit	31,755	31,755	-	-
Government securities	1,244,546	1,244,546	-	-
Mutual funds	<u>863,318</u>	<u>863,318</u>	<u>-</u>	<u>-</u>
	<u>\$2,167,764</u>	<u>\$2,167,764</u>	<u>\$ -</u>	<u>\$ -</u>

The assumptions to estimate fair values are as follows:

1. Certificates of deposit carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.
2. The fair market value of marketable securities are based on quoted market prices for those or similar investments.

SUPPLEMENTAL INFORMATION

TOTAL COMMUNITY ACTION, INC.
COMBINED STATEMENT OF ACTIVITIES

For the year ended December 31, 2013

	HEAD START GRANT	CHILD CARE FOOD PROGRAM	COMMUNITY SERVICES BLOCK GRANT PROGRAM	GREATER NEW ORLEANS FOUNDATION	HOME ENERGY ASSISTANCE PROGRAM	HEALTHY MARRIAGE AND RESPONSIBLE FATHERHOOD COMMUNITY DEMONSTRATION INITIATIVE
REVENUES						
Grant appropriations	\$ 24,822,630	\$ 806,786	\$ 1,330,694	\$ -	\$ 3,534,271	\$ -
Investment income	268	-	-	-	-	-
Other	-	-	-	-	-	-
	<u>24,822,898</u>	<u>806,786</u>	<u>1,330,694</u>	<u>-</u>	<u>3,534,271</u>	<u>-</u>
EXPENSES						
Salaries	6,061,779	471,631	808,476	-	169,986	-
Fringe benefits	2,018,101	194,117	228,253	-	64,818	-
Travel	78,831	-	12,198	7,090	3,070	-
Contractual	2,047,905	-	-	-	4,679	-
Supplies	516,941	47,887	19,321	8,083	9,317	-
Food costs	643,052	92,125	-	-	-	-
Subrecipient costs	8,949,004	-	-	-	-	-
Equipment expenses	175,863	-	45,156	-	13,234	-
Insurance	224,146	-	13,178	-	6,648	-
Assistance to individuals	-	-	11,510	-	3,220,826	-
Telephone	171,200	-	44,775	-	9,489	-
Occupancy	565,214	-	117,006	-	82,822	-
Construction costs	2,580,084	-	-	-	-	-
Vehicle expense	21,641	-	14,174	-	1,069	-
Postage	4,644	-	1,580	-	848	-
Other costs	590,060	1,026	20,819	11,723	7,022	-
	<u>24,648,465</u>	<u>806,786</u>	<u>1,336,446</u>	<u>26,896</u>	<u>3,593,828</u>	<u>-</u>
Increase <decrease> in net assets	174,433	-	< 5,752>	< 26,896>	< 59,557>	-
Construction-in-Progress	< 174,433>	-	-	-	-	-
Transfer costs to/from general	-	-	-	-	-	-
Net assets beginning of year	-	-	17,765	47,870	229,908	750
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,013</u>	<u>\$ 20,974</u>	<u>\$ 170,351</u>	<u>\$ 750</u>

TOTAL COMMUNITY ACTION, INC.
COMBINED STATEMENT OF ACTIVITIES - CONTINUED

For the year ended December 31, 2013

	CITY OF NEW ORLEANS <u>GVRS</u>	EARNED INCOME TAX CREDIT PROGRAM	FOOD DISTRIBUTION PROGRAM CITY OF NEW ORLEANS	FRONTLINE SOLUTIONS INTERNATIONAL	LOUISIANA PUBLIC HEALTH INSTITUTE
REVENUES					
Grant appropriations	\$ 161,324	\$ -	\$ 49,942	\$ 10,000	\$ 25,238
Investment income	-	-	-	-	-
Other	<u>161,324</u>	<u>-</u>	<u>49,942</u>	<u>10,000</u>	<u>25,238</u>
	110,155	15,015	-	-	2,000
Salaries	26,662	3,563	-	-	-
Fringe benefits	782	-	-	-	-
Travel	-	338	8,523	-	-
Contractual	2,005	-	12,756	2,684	3,974
Supplies	-	-	24,806	-	-
Food costs	-	-	-	-	-
Subrecipient costs	-	-	599	-	-
Equipment expenses	4,698	-	-	-	-
Insurance	-	-	-	-	-
Assistance to individuals	-	-	-	-	-
Telephone	1,117	-	-	-	-
Occupancy	2,244	-	-	-	-
Construction costs	-	-	-	-	-
Vehicle expense	-	-	492	-	-
Postage	-	-	3,471	-	-
Other costs	<u>18,873</u>	<u>-</u>	<u>2,919</u>	<u>-</u>	<u>13,035</u>
	<u>166,536</u>	<u>18,916</u>	<u>53,566</u>	<u>2,684</u>	<u>19,009</u>
Increase <decrease> in net assets	< 5,212 >	< 18916 >	< 3,624 >	7,316	6,229
Construction-in-Progress	-	-	-	-	-
Transfer costs to/from general	1,679	-	2,735	-	-
Net assets beginning of year	<u>3,533</u>	<u>18,916</u>	<u>889</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,316</u>	<u>\$ 6,229</u>

TOTAL COMMUNITY ACTION, INC.

COMBINED STATEMENT OF ACTIVITIES -- CONTINUED

For the year ended December 31, 2013

	<u>CITY OF NEW ORLEANS ENERGY SOLUTIONS</u>	<u>CITY OF NEW ORLEANS GOODWILL</u>	<u>CITY OF NEW ORLEANS SUMMER YOUTH</u>	<u>EMERGENCY FOOD AND SHELTER</u>	<u>GREATER NEW ORLEANS FOUNDATION</u>
REVENUES					
Grant appropriations	\$ 34,984	\$ 8,100	\$ 415,430	\$ -	\$ 30,000
Investment income	-	-	-	-	-
Other	<u>34,984</u>	<u>8,100</u>	<u>415,430</u>	<u>-</u>	<u>30,000</u>
EXPENSES					
Salaries	8,464	-	55,084	-	-
Fringe benefits	1,870	-	12,763	-	-
Travel	-	722	483	-	-
Contractual	23,758	150	351,398	-	-
Supplies	-	1,775	-	-	-
Food costs	-	-	-	-	-
Subrecipient costs	-	-	-	-	-
Equipment expenses	-	-	-	-	-
Insurance	-	901	-	-	-
Assistance to individual	-	-	-	-	-
Telephone	-	-	-	-	-
Occupancy	-	-	-	-	-
Construction costs	-	1,993	-	-	-
Vehicle expense	-	-	-	-	-
Postage	-	-	-	-	-
Other costs	1,019	2,942	3,382	-	-
	<u>35,111</u>	<u>8,483</u>	<u>423,110</u>	<u>-</u>	<u>-</u>
Increase <decrease> in net assets	< 127 >	< 383 >	< 7,680 >	-	30,000
Construction-in-progress	-	-	-	-	-
Transfer costs to/from general	127	-	7,680	-	-
Net assets, beginning of year	<u>-</u>	<u>2,964</u>	<u>-</u>	<u>15</u>	<u>-</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ 2,581</u>	<u>\$ -</u>	<u>\$ 15</u>	<u>\$ 30,000</u>

TOTAL COMMUNITY ACTION, INC.

COMBINED STATEMENT OF ACTIVITIES - CONTINUED

For the year ended December 31, 2013

	<u>GENERAL</u>	<u>UNEMPLOYMENT</u>	<u>INSURANCE HURRICANE KATRINA</u>	<u>UNITY OF GREATER NEW ORLEANS, INC. HOUSING PLUS</u>	<u>INDIRECT COST ACCOUNT</u>
REVENUES					
Grant appropriations	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	1,374	54,712	15,900	-	-
Other	1,274	121,505	-	-	439,395
	<u>2,648</u>	<u>176,217</u>	<u>15,900</u>	<u>-</u>	<u>439,395</u>
EXPENSES					
Salaries	4,539	-	-	-	333,921
Fringe benefits	-	38,104	-	-	85,927
Travel	339	-	-	-	-
Contractual	1,994	-	-	-	768
Supplies	62	-	-	-	843
Food costs	-	-	-	-	-
Subrecipient costs	-	-	-	-	-
Equipment expenses	-	-	2,737	-	1,755
Insurance	6,002	-	-	-	-
Assistance to individual	-	-	-	-	-
Telephone	-	-	-	-	-
Occupancy	2,810	-	-	-	2,316
Construction costs	-	-	146,000	-	6,843
Vehicle expense	35	-	-	-	-
Postage	98	-	-	-	345
Other costs	24,184	81	-	-	17,786
	<u>40,063</u>	<u>38,185</u>	<u>148,737</u>	<u>-</u>	<u>450,504</u>
Increase <decrease> in net assets	< 37,415 >	138,032	< 132,837 >	-	< 11,109 >
Construction-in-progress	-	-	-	-	-
Transfer costs to/from general	< 12,221 >	-	-	-	-
Net assets, beginning of year	<u>241,935</u>	<u>1,305,572</u>	<u>1,345,576</u>	<u>2,598</u>	<u>-</u>
Net assets, end of year	<u>\$ 192,299</u>	<u>\$ 1,443,604</u>	<u>\$ 1,212,739</u>	<u>\$ 2,598</u>	<u>\$ < 11,109 ></u>

TOTAL COMMUNITY ACTION, INC.

COMBINED STATEMENT OF ACTIVITIES - CONTINUED

For the year ended December 31, 2013

	<u>FINANCIAL FUTURE</u>	<u>ASSETS FOR INDEPENDENCE DEMONSTRATION</u>	<u>PROPERTY AND EQUIPMENT</u>	<u>ELIMINATIONS</u>	<u>TOTAL</u>
REVENUES					
Grant appropriations	\$ -	\$ -	\$ -	\$ -	\$ 31,229,399
Investment income	-	-	-	-	72,254
Other	-	-	-	< 560,900>	1,274
	<u>-</u>	<u>-</u>	<u>-</u>	<u>< 560,900></u>	<u>31,302,927</u>
EXPENSES					
Salaries	-	-	-	-	8,041,050
Fringe benefits	-	-	-	< 121,505>	2,552,673
Travel	-	-	-	-	103,515
Contractual	-	-	-	-	2,439,513
Supplies	-	-	-	-	625,648
Food costs	-	-	-	-	759,983
Subrecipient costs	-	-	-	-	8,949,004
Equipment expenses	-	-	-	-	244,943
Insurance	-	-	-	-	249,974
Assistance to individual	-	-	-	-	3,232,336
Telephone	-	-	-	-	228,897
Occupancy	-	-	-	-	778,932
Construction costs	-	-	-	-	2,726,084
Vehicle expense	-	-	-	-	37,756
Postage	-	-	-	-	10,641
Other costs	-	-	258,721	< 439,395>	534,197
	<u>-</u>	<u>-</u>	<u>258,721</u>	<u>560,900></u>	<u>31,515,146</u>
Increase <decrease> in net assets	-	-	< 258,721>	-	< 212,219>
Construction-in-progress	-	-	174,433	-	-
Transfer costs to/from general	-	-	-	-	-
Net assets, beginning of year	<u>2,906</u>	<u>62,873</u>	<u>7,865,738</u>	<u>-</u>	<u>11,149,808</u>
Net assets, end of year	<u>\$ 2,906</u>	<u>\$ 62,873</u>	<u>\$ 7,781,450</u>	<u>\$ -</u>	<u>\$ 10,937,589</u>

TOTAL COMMUNITY ACTION, INC.

SCHEDULE OF EXPENSES - DIRECT AND INDIRECT COSTS

For the year ended December 31, 2013

	<u>DIRECT</u> <u>COSTS</u>	<u>INDIRECT</u> <u>COSTS</u>	<u>TOTAL</u> <u>COSTS</u>
EXPENSES			
Salaries	\$ 7,547,055	\$ 493,995	8,041,050
Fringe benefits	2,426,382	126,291	2,552,673
Travel	101,565	1,950	103,515
Contractual	2,438,745	768	2,439,513
Supplies	624,805	843	625,648
Food costs	759,983	-	759,983
Subrecipient costs	8,949,004	-	8,949,004
Equipment expenses	243,188	1,755	244,943
Insurance	249,974	-	249,974
Assistance to individual	3,232,336	-	3,232,336
Telephone	226,581	2,316	228,897
Occupancy	772,090	6,842	778,932
Construction costs	2,726,084	-	2,726,084
Vehicle expense	37,411	345	37,756
Postage	10,641	-	10,641
Other costs	516,410	17,787	534,197
TOTAL EXPENSES	<u>\$ 30,862,254</u>	<u>\$ 652,892</u>	<u>\$ 31,515,146</u>

TOTAL COMMUNITY ACTION, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended December 31, 2013

<u>PROGRAM TITLE</u>	<u>PASS THROUGH CONTRACT NO.</u>	<u>FEDERAL CFDA NUMBER</u>	<u>EXPENDITURES</u>	<u>SUBRECIPIENT COSTS</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Head Start – Full Year Center & Home Based	-	93.600	\$ 24,822,898	\$ 8,949,004
Passed through Louisiana Workforce Commission: Community Services Block Grant	-	93.569	1,336,446	-
Passed through Louisiana Association of Community Action Partnership, Inc.: Low-Income Home Energy Assistance Program	-	93.568	<u>3,593,828</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>29,753,172</u>	<u>8,949,004</u>
U.S. DEPARTMENT OF AGRICULTURE				
Passed through State of Louisiana: Child Care Food Program	-	10.558	<u>806,786</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>806,786</u>	<u>-</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through City of New Orleans: Homeless Prevention and Rapid Re-Housing Program	-	14.257	<u>34,984</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>34,984</u>	<u>-</u>
TOTAL FEDERAL AWARDS			<u>\$ 30,594,942</u>	<u>\$ 8,949,004</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. The Schedule of Expenditures of Federal Awards was prepared on the accrual basis of accounting.
2. The Head Start - Full Year Center & Home based grant required non-federal funds totaling 18.82% of the grant. The in-kind contributions totaled \$7,583,016. The corporation was in compliance with the matching requirements of the grant.
3. The subrecipient costs consist of the following:

Central City Economic Opportunity Corporation	\$ 1,314,975
Kingsley House, Inc.	3,397,560
Urban League of Greater New Orleans	593,236
Catholic Charities of New Orleans	<u>3,643,233</u>
	<u>\$ 8,949,004</u>

Justin J. Scanlan, C.P.A., F.T.C.

A LIMITED LIABILITY COMPANY

4769 ST. ROCH AVE. NEW ORLEANS, LOUISIANA 70122
TELEPHONE: (504) 288-0050

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

Independent Auditor's Report

Board of Directors
Total Community Action, Inc.

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 Total Community Action, Inc. (a non-profit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 22, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Total Community Action, Inc.'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 Total Community Action, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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 the entity'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 Total Community Action, Inc.'s financial statements are free of 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*.

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 the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication 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.

Justin J. Scandone, CPA, LLC

New Orleans, Louisiana
April 22, 2014

Justin J. Scanlan, C.F.A., L.L.C.

A LIMITED LIABILITY COMPANY

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Independent Auditor's Report

Board of Directors
Total Community Action, Inc.

Report on Compliance for Each Major Federal Program

We have audited Total Community Action, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Total Community Action, Inc.'s major federal programs for the year ended December 31, 2013. Total Community Action, Inc.'s major federal programs are identified in the summary of auditor's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Total Community Action, Inc.'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 required that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Total Community Action, Inc.'s compliance with 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 opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Total Community Action, Inc.'s compliance.

Basis for Qualified Opinion on Head Start - Full Year Center & Home Based Program

As described in the accompanying schedule of findings and questioned costs, Total Community Action, Inc. did not comply with requirements regarding CFDA 93.600 Head Start as described in finding number 2013-1 for Eligibility. Compliance with such requirements is necessary, in our opinion, for Total Community Action, Inc. to comply with requirements applicable to that program.

Qualified Opinion Head Start - Full Year Center & Home Based Program

In our opinion, except for the noncompliance described in the "Basis for Qualified Opinion" paragraph, Total Community Action, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Head Start - Full Year Center & Home Based Program for the year ended December 31, 2013.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Total Community Action, Inc. 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 other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2013.

Other Matters

Total Community Action, Inc.'s response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Total Community Action, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Total Community Action, Inc. 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 Total Community Action, Inc.'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 to 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 OMB Circular A-133, 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 Total Community Action, Inc.'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 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 purposes 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.

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 OMB Circular A-133.

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.

New Orleans, Louisiana
April 22, 2014

Justin J. Scanlon, CPA, CFC

TOTAL COMMUNITY ACTION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2013

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued.

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported
- Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Type of auditor's report issued on compliance for major programs:

Qualified –
 Head Start – Full year
 Center HomeBased Program
Unmodified – Community Services
 Block Grant and Low Income
 Home Energy Assistance
 Program

Any audit findings disclosed that are required to be reported
 in accordance with Section 510(a) of OMB Circular A-133?

 X yes no

Identification of major programs:

CFDA Numbers

Name of Federal Program

93.600
 93.569
 93.568

U. S. Department of Health and Human Services
 Head Start – Full Year Center Home Based
 Community Services Block Grant
 Low Income Home Energy Assistance Program

Dollar threshold used to distinguish between type A and B
 programs:

\$ 917,848

Auditee qualified as low-risk auditee?

 yes X no

TOTAL COMMUNITY ACTION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For the year ended December 31, 2013

B. FINANCIAL STATEMENT FINDINGS

There were no findings related to the financial statements for the year ended December 31, 2013.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

COMPLIANCE

DEPARTMENT OF HEALTH AND HUMAN SERVICES

2013-1 ENROLLMENT

Head Start – Full Year Center & Home Based – CFDA No. 93.600; Grant No. 06CH0473/48;
Grant Period – Year ended December 31, 2013

Statement of Condition: The enrollment levels did not adhere to the levels specified in the financial assistance award.

Criteria: The enrollment levels must equal or exceed 2,326 students for the year ended December 31, 2013.

Effect of Condition: Costs may be disallowed by the grantor.

Questioned Costs: None.

Cause of Condition: The enrollment levels totaled 2,052 students for the year ended December 31, 2013.

Recommendation: The enrollment levels should be monitored monthly to assure enrollment levels adhere to the levels specified in the financial assistance award.

Response: See Corrective Action Plan.

TOTAL COMMUNITY ACTION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For the year ended December 31, 2013

D. STATUS OF PRIOR YEAR AUDIT FINDINGS

The status of the prior year audit findings are as follows:

<u>Compliance</u>	<u>Resolved</u>	<u>Unresolved</u>	<u>Current Audit Finding No.</u>
2012-1 Enrollment (Note)		X	2013-1
2010-3 Allowable Costs	X		

Note: While the enrollment levels did not adhere to the levels specified in the financial assistance award at December 31, 2013, the number of children enrolled with special education needs exceeded 10% of the total number of children enrolled at the end of the program year (July 31, 2013). The organization complied with the 10% rule relative to special needs children at July 31, 2013.



CORRECTIVE ACTION PLAN

2013-1 Enrollment

Statement of Condition: The enrollment levels did not adhere to the levels specified in the financial assistance award.

Cause of Condition: All Head Start and Early Head Start sites operated by grantee and its delegate agencies during the audited program year (ending December 31, 2013) were fully enrolled. Continuing construction and/or major renovation of facilities beyond projected completion dates resulted in grantee not achieving its 2013 funded enrollment level by December 31, 2013. Throughout 2013, grantee informed the Head Start Regional Office of the status of ongoing facility development. This information was provided to the Head Start Regional Office.

Since December 31, 2013, one of the three sites remaining under construction/renovation has opened – TCA at Covenant House. This Center, which is fully enrolled, services 16 EHS children and 15 HS children. The Lafitte-Treme construction project is being readied for opening late spring to early fall. The grantee is currently recruiting and processing applications, hiring staff and readying the site for inspection by licensing authorities. When opened, the site will enroll 16 EHS children and 48 HS children. The last remaining site under construction, St. David, is projected to be substantially complete by June, 2014. When opened, the center will enroll 94 HS children. It is projected that this center will begin serving children in October, 2014. With the opening of this center the Total Community Action, Inc. Head Start and Early Head Start programs will achieve 100% funded enrollment.

Action to be taken: Grantee will enroll and monitor attendance of children at each site to ensure full enrollment and attendance at each operative center. Grantee will continue monitor progress of construction of the yet-to-be completed facility to avoid unnecessary delays and to facilitate resolution of any problems that may arise.