NEW HAMPSHIRE
Department of Justice
Office of the Attorney General

Report on Tri-County Community Action Program, Inc.

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I. Executive Summary

Tri-County Community Action Program (TCCAP) is a New Hampshire voluntary corporation registered as a charity with the Charitable Trusts Unit (CTU) of the Attorney General's office and qualified as a tax-exempt non-profit organization under §501(c)(3) of the Internal Revenue Code. Its original mission was to administer programs in northern New Hampshire to attack the causes of poverty and to help the poor become economically independent.

In December 2012 the Attorney General received notice of serious financial conditions at TCCAP which put into question its ability to continue to provide services. Based upon these reported conditions and a preliminary review, the CTU petitioned the 1st Circuit Court to suspend the board of directors (board) and to appoint a Special Trustee to manage TCCAP. At the same time the CTU initiated an investigation to determine the underlying causes of the crisis and to implement necessary measures.

The investigation found many factors that contributed to the agency's financial failure. They included poor financial controls, borrowing from restricted funds, incomplete financial reporting, failure to address audit management letter recommendations, ongoing operating deficits, over-expansion of programming and unsustainable acquisition of real estate assets. In turn those factors were caused by or exacerbated by poor management decisions and weak board governance. In addition, the accounting firm retained by the agency to perform the annual financial audits for fiscal years 2008 through 2011 prepared incomplete and inaccurate reports and failed to detect or report internal control weaknesses and improper accounting procedures.

The Special Trustee worked to stabilize the finances of TCCAP. He hired new management and accounting staff. The State of New Hampshire appropriated $1.033 million plus a $250,000 line of credit to keep programs operating. Finally, in January 2014, the Circuit Court granted the CTU's requests to conclude the services of the Special Trustee and to empanel a new board of directors along with an interim board chair. The Attorney General is now pursuing financial recovery against the former directors and officers of TCCAP and its former accounting firm.

TCCAP is now operating with a completely new board and management staff. It has largely recovered from its financial crisis and has completed a new strategic plan to guide it through 2020.

II. Investigation

Upon receiving notice of the financial crisis at TCCAP, the CTU began its investigation of TCCAP under the direction of the former director of charitable trusts, Anthony I. Blenkinsop. Valerie Hall, financial research analyst at the CTU, then conducted or participated in forty interviews with eighteen suspended and former board members, nine current and former employees, and other individuals and organizations having information relevant to the investigation. The topics focused on financial systems and procedures, management of staff and programs, governance, and a review of the events leading up to the court intervention and removal of the board. CTU staff also reviewed documents relevant to the including internal records, correspondence, contracts, financial reports, audit reports, and bank records.

The investigation has culminated in this report as well as recommendations to pursue recovery for losses that the State of New Hampshire incurred relating to TCCAP.

III. TCCAP Overview

A. Historical Context

TCCAP originated in 1965 as the Coos, Grafton and Carroll Counties front in President Lyndon B. Johnson's "War on Poverty". The Economic Opportunity Act of 1964 established the framework for a nationwide network of community action programs (CAPs) with a goal to encourage new initiatives at the local level to attack the causes of poverty and help the poor become economically independent.

Today CAP agencies around the nation, including TCCAP, continue to operate as locally-managed non-profit agencies providing a wide variety of programs including Head Start, fuel assistance, elder services, and alcohol and drug counseling. CAP agencies must have at least fifteen board members: one-third are to be elected public officials; one-third low income representatives; and one-third representatives of the larger community.

There are currently five CAP agencies in New Hampshire: Southern New Hampshire Services, Community Action Program Belknap-Merrimack Counties Inc., Southwestern Community Services, Rockingham Community Action, and TCCAP.

B. TCCAP Area and Populations Served

TCCAP provides services to the northern half of the state, specifically Coos, Carroll, and Grafton Counties. While geographically covering over 50% of New Hampshire, the population served by TCCAP represents less than 15% of the state's total population. The area includes disproportionately large numbers of low-income households, senior citizens, and the chronically unemployed. The unemployment rate in January, 2014 for New Hampshire as a whole was 5.2%, while Coos County reported 6.8%. The US Census Bureau reports that 7.4% of New Hampshire residents live in poverty. Carroll, Coos, and Grafton counties report 10.3%, 13%, and 11% respectively. Related issues present in the communities served by TCCAP include higher levels of substance abuse, homelessness, and domestic violence. TCCAP is charged with a challenging mandate to provide a wide range of services, in a cost-effective manner, to a small population spread over a vast area.

C. TCCAP Programs

TCCAP operates over 30 programs and employs more than 230 people. Annual revenue for 2013 totaled $19 million. The agency is funded primarily through federal and state grants and contracts. Municipalities and other funding sources contribute about twenty-five percent of annual revenue. The following lists the types of programs and services offered by TCCAP. A complete listing, including program descriptions, is available on the agency's website at http://www.tccap.org/tccap_programs.htm.

- Energy (residential weatherization, fuel and electric assistance, energy efficiency/REACH
- Shelter (Cornerstone Housing, Tyler Blain homeless shelter, food pantries, soup kitchen, housing outreach programs)
- Guardianship (guardianship and protection of incapacitated mentally ill and developmentally impaired persons)
- Volunteer (Americorps/VISTA, RSVP, Senior Companion, Youth Alternatives, teen center)
- Children (Head Start, child care)
- Elderly (Alzheimer's health and day care, senior center, senior meals, Coos County Service Link
- Substance Abuse (Friendship House, transitional housing, outpatient services, crisis intervention, impaired driver intervention)
- Justice (Carroll County Restorative Justice Center)
- Dental (Tamworth Dental Center)
- Domestic Violence (Burch House, Center Against Domestic Violence and Sexual Assault, visitation services)
- Transportation (North County Transit, Senior Wheels, long distance medical transportation, Tri-Town Bus, Carroll County Blue Loon, Littleton Care-a-van)
- Economic Development (workforce development, Northern Forest Heritage Park, Brown House).

D. TCCAP Facilities

As of 2012, TCCAP operated 21 facilities located throughout Northern New Hampshire. TCCAP owned most of the locations, and leased the remainder. Its headquarters is located in Berlin. The TCCAP locations include:

- Berlin (Exchange Street, Cornerstone Housing, Northern Forest Heritage Park)
- Tamworth (Tamworth Resource Center, Tamworth Dental Center)
- Littleton (Burch House)
- Lancaster (Tyler Blain House)
- Ashland (Ashland Historic School)
- Bethlehem (Friendship House)
- Conway
- Colebrook

- Woodstock
- Whitefield
- Haverhill (Woodsville)
- Northumberland (Groveton)
- Lebanon

IV. TCCAP Management, Governance and Audit

A. Management

Lawrence M. Kelly served as TCCAP's longstanding executive director from 1983 until his retirement in 2011. At that point, the board hired its chairperson, Joseph Costello, a local banker, to replace Mr. Kelly. Mr. Costello was relieved of his responsibilities in December, 2012, and he ended his employment at the end of that month. Dori Ducharme served as the fiscal officer (later the chief financial officer) from December 2003 until her resignation was requested in the fall of 2012.

B. Governance

The composition of TCCAP's board reflected the requirements for all CAP agencies: one third each from elected officials, low income representatives and community representatives. The by-laws established the following officers: president (board chair), three vice-presidents (one from each county), secretary and treasurer. The by-laws further established three standing committees: executive, nominating and personnel. A TCCAP Financial Policies and Procedures Manual called for a finance committee and a personnel committee.

Mr. Costello served as board chair for more than eight years until he became the executive director in 2011. He was replaced as chair by William M. Hatch.

C. Audit

As a charitable organization with an annual budget of more than $1 million, TCCAP was required to submit an annual audit prepared by a certified public accountant (CPA). RSA 7:28, III-b. Various federal and state funders also required that TCCAP supply an annual audit, or at least an audit of specific programs. TCCAP operated on a fiscal year with a June 30 end date.

The firms that prepared audit reports for TCCAP are:

- 2003 – 2007 Dineen & Crane, PLLC
- 2008 – 2011 Ron L. Beaulieu & Company
- 2012 – 2014 Mason + Rich Professional Association

Comparative summaries for 2003 through 2013 showing the audited balance sheets, income statements, cash flow statements, debt service and lines of credit, and federal expenditures (single audit) are attached at Attachments A through E.

V. TCCAP Financial Problems

A. Deficit Programs

Throughout the period under review TCCAP operated many programs at a loss. In addition, many of TCCAP's funding sources did not supply cash advances. These two factors created an on-going shortage of cash which was addressed more through borrowing than cost reduction measures. "Borrowing" at TCCAP came from many sources: advances from restricted funds, bank term loans, bonds, and bank revolving lines of credit.

The agency's Project Revenue and Expense reports for the period under review show the following programs to be the largest contributors to the annual deficit. (*Note: the summary below is based on internal reports generated by TCCAP's accounting system. Based on findings reported in the 2012 audit, it is likely that in some instances internal reports fail to capture all costs and to allocate those costs consistently and accurately to all programs.)*

- **Weatherization –** This program was the largest contributor to the agency's deficits, with a $431,000 loss in FY11 and a $330,000 loss in FY12.
- **Restorative Justice –** This program operated out of the Tamworth Resource Center, providing alternative sentencing for juveniles and adults, mediation, court-ordered visitation, and counseling. Reported operating losses were $130,000 for FY11 and $132,000 for FY12.
- **Senior Wheels –** This program's utilization rate was insufficient to cover costs during the period reviewed. FY11 and FY12 had deficits of $76,000 and $119,000 respectively.
- **Tamworth Dental Center –**The program reported a $143,000 loss in FY11 and $118,000 loss in FY12.
- **Alcohol and Drug Services –** This program incurred a $94,000 loss in FY12. Management reportedly did not support recommendations to lower costs by consolidating and reducing the number of client meetings and eliminating paid staff coverage at client support meetings.
- **Northern Forest Heritage Park -** This program reported deficits of $57,000 in FY11 and $50,000 in FY12.
- **Guardianship –** The Guardianship program, which earns revenue through fees for services provided, was long identified as an underfunded program. In FY11, the agency reported a $69K loss for the Guardianship program. This loss is separate from the borrowing of restricted funds belonging to guardianship clients, discussed elsewhere.

Overall, TCCAP's audited income statements for fiscal years 2003 through 2013 report operating losses in four of the past eleven years including 2004, 2008, 2012, and 2013. (*Note: The audit for 2011 reported revenues exceeding expenditures by $50K; however, the 2012 audit found over $500K of unfavorable prior period adjustments which, if reported in the proper period, would have resulted in a net loss in 2011 of approximately $450,000.)* See, Attachment B. TCCAP's current ratio (current assets to current liabilities) shows a 1:1 relationship during the four year period beginning in 2003, indicating that at that point, the agency was just barely able to meet its current obligations. In 2007 the ratio dropped to below one. See Attachment A. Program deficits and new projects consumed unrestricted cash reserves and the agency began increasing their lines of credit, extending their accounts payable, and using advanced funds and other restricted assets. See Attachment D. By 2010 the ratio was 0.4, i.e. current assets were less than half the amount needed to cover the agency's current obligations. By 2012, that ratio had slid to a catastrophic 0.1. See Attachment A.

B. Real Estate Debt

In the years leading up to 2012, TCCAP embarked on a number of real estate projects and new programs, incurring significant long-term debt in the process. These new programs lacked reliable financial projections for total project costs, financing needs and future program revenue streams.

- In 2000, the agency began construction on the Tamworth Resource Center, followed by the Tamworth Dental Center. These two projects incurred cost overruns and failed to produce adequate revenue streams. The agency responded by issuing $1.1 million in bonds for the Dental Center.
- The Cornerstone Housing project in Berlin followed the Tamworth project. Here again, project costs exceeded the budget. The program revenue stream was insufficient to cover expenses and the agency took on a $500,000 bridge loan that was converted to long-term debt.
- For the rehabilitation of the Ashland Historic School, the agency took on additional long-term debt and converted their extended line of credit to long-term debt. It then established a new line of credit to use as working capital.

As a result of these projects, TCCAP was left with loan payments on long term debt, an extended line of credit for working capital, and high operating costs associated with maintenance and upkeep for their extensive real estate holdings. See Attachment D.

VI. Financial Audit Reports

As part of any financial audit, the CPA issues an opinion as to whether the agency's financial statements are correct and free from material misstatements. An unmodified (or unqualified) opinion indicates the auditor did not detect any significant concerns. A modified (or qualified) opinion indicates that the auditor found that the financial statements did contain misstatements, but the misstatements did not have a pervasive effect on the financial statements as a whole. An "adverse opinion" indicates that the financial statements were unreliable and contained material and pervasive misstatements. The auditor also considers whether the agency has adequate resources to continue for the next twelve months. If not, a "going-concern" opinion is issued.

The CPA may also issue a special report to the board such as a Management Letter or a Deficiency Report. These reports identify deficiencies and weaknesses in the agency's internal controls and include the auditor's recommendations for improvements. TCCAP received these types of reports in some of the years reviewed, as noted below.

Entities receiving over $500,000 of Federal funds annually must also submit a Single Audit (referred to as the OMB A-133 Audit) prepared by a CPA. The Single Audit encompasses both a financial review and a review of the agency's compliance with federal requirements. See Attachment E.

The following is a summary of TCCAP audits over the years:

A. Dineen & Crane

- **06/30/03 Audit**
  a. Financial statements –Unmodified Opinion
  b. Management Letter to board - the fifteen page management letter cited seventeen significant weaknesses related to program management, accounting and reporting systems, and cash management. The report specifically addressed TCCAP's practice of using restricted funds received in advance of expenditures for the Fuel Assistance Program. It noted that TCCAP owed $310,000 to the State of New Hampshire, but was unable to repay the funds because the advances had been used for other purposes.
  c. Single Audit Report
     i. Unmodified Opinion/Low-risk Auditee
     ii. Findings: Single finding related to matching fund requirements for Head Start Program

- **06/30/04 Audit**
  a. Financial statements – Unmodified Opinion
  b. Management Letter to board - cited 3 issues and noted the recommendations from 2003 that had not been addressed.
  c. Single Audit Report
     i. Unmodified Opinion/High-risk Auditee
     ii. Findings: no reportable conditions/no findings

- **06/30/05 Audit**
  a. Financial statements – Unmodified Opinion
  b. Management Letter to board - None
  c. Single Audit Report
     i. Unmodified Opinion/Low-risk Auditee
     ii. Findings: no reportable conditions/no findings

- **06/30/06 Audit**
  a. Financial statements – Unmodified Opinion
  b. Management Letter to board – None
  c. Single Audit Report
     i. Unmodified Opinion/Low-risk Auditee
     ii. Findings: no reportable conditions/no findings

- **06/30/07 Audit**
  a. Financial statements – Unmodified Opinion
  b. Management Letter to board – None
  c. Single Audit Report
     i. Unmodified Opinion/Low-risk Auditee
     ii. Findings – Significant deficiencies in internal control & compliance

> Maintenance of Reserve Bank Accounts Required by USDA - Segregated bank accounts, as required by US Dept of Agriculture, with required minimum balances had not been established.
> Accounting for Property & Equipment - failure to capitalize long-term assets when purchased

B. Ron L. Beaulieu & Company

- **06/30/08 Audit**
    a. Financial statements – Unmodified Opinion
    b. Management Letter to board - None
    c. Single Audit Report
        i. Low-risk Auditee
        ii. Findings - no reportable conditions/no findings

- **06/30/09 Audit**
    a. Financial statements – Unmodified Opinion
    b. Management Letter to board – None
    c. Single Audit Report
        i. Low-risk Auditee
        ii. Findings – no reportable conditions/no findings

- **06/30/10 Audit**
    a. Financial statements – Unmodified opinion
    b. Management Letter to board - None
    c. Single Audit Report
        i. Low-risk Auditee
        ii. Findings – no reportable conditions/no findings

- **06/30/11 Audit**
    a. Financial statements – Unmodified Opinion
    b. Management Letter to board – None
    c. Single Audit Report
        i. Low-risk Auditee
        ii. Findings – TCCAP failed to file single audit reports within 9 months of year end as required

C. Mason + Rich Professional Association

- **06/30/12 Audit**
    a. Financial statements issued 03/28/13 – **Qualified and going-concern opinion**
    b. Management Letter to board – Reports findings of twenty material weaknesses and four significant deficiencies
    c. Single Audit Report
        i. Not a Low-risk Auditee

ii. Findings – Report includes 25 findings
iii. Report on Compliance and Internal Control over compliance – identifies material weaknesses and significant deficiencies in internal controls

d. Prior Period Adjustments

The 2012 audit found that the financial statements prepared by TCCAP in 2011 and audited by Ron L. Beaulieu & Company misstated the financial condition of the agency resulting in over $516K of unfavorable prior period adjustments for the FY 2012 audit, including an overstatement of cash of $460K. See summary in Attachments A and B.

- **06/30/13 Audit**
  a. Financial statements issued 03/31/14 – **Qualified opinion**
  b. Deficiency Report to board – Report documents findings of material weaknesses and other significant deficiencies.
  c. Single Audit Report
    iv. Not a Low-risk Auditee
    v. Findings – Report notes improvements from prior year, but repeats many of the findings previously noted
    vi. Report on Compliance and Internal Control over compliance – Qualified opinion on Low Income Home Energy Assistance Program

VII. Overview of the Misconduct at TCCAP

A. Unheeded 2003 Management Letter

Given the decline in its financial position after 2003, even as it expanded, TCCAP should have sought to straighten out its finances. But instead of tightening its budget or finding new sources of revenue, TCCAP used another source of cash.

As noted in the management letter for the 2003 audit, beginning as early as fiscal year 2003, TCCAP "borrowed" $271,000 from restricted funds received for the Fuel Assistance Program for use in other programs. The letter also urged the agency to adjust staffing, monitor billable time, and adjust billable rates for the program to reflect the actual cost. The management letter accompanying the audit report for that year warned: "If the borrowing from [Fuel Assistance Program] continues apace, eventually there will be no advance funds available to launch TCCAP's largest program, ***and the agency as a whole may find itself in a hole from which it cannot extricate itself***" (emphasis added). The fiscal year 2004 audit reiterated these concerns. That same management letter pointed out numerous fundamental deficiencies in TCCAP's internal controls, including the lack of a financial and accounting reporting system agency-wide, the failure to recognize income and expenses on a consistent basis, the maintenance of multiple bank accounts, the accrual of interest fees for late payments of invoices, and the failure to capitalize and depreciate real estate purchases.

The Officers and Directors from 2003 through 2012 continued to operate existing programs and to take on new programs and real estate without having any process to identify, evaluate and respond to the financial risks to TCCAP from existing or new programs and without creating recommended financial controls and reporting procedures.

B. Borrowing from Guardianship Funds

The lack of financial controls and reporting procedures led to catastrophic results in 2011 and 2012. Borrowing extended beyond just Fuel Assistance Program funds to funds held in trust for clients of TCCAP's Guardianship program for the mentally ill and developmentally impaired. Those restricted client funds had been maintained by the in a client-pooled bank account, originally held at Laconia Savings Bank. In July of 2011 Mr. Costello and Ms. Ducharme established a new Guardianship account at Northway Bank. Unlike the original account, this new account did not require the Guardianship program manager's approval for electronic transfers of funds. In addition, the program manager was denied access to the monthly bank statements for this new account, despite her on-going requests.

On July 11, 2011, just days after establishing the new account, Mr. Costello authorized the transfer of $374,985 of restricted funds into TCCAP's regular business account, providing the agency with the cash needed for payroll and other agency expenses. TCCAP made use of Guardianship funds 24 more times until it was reported to the CTU in December, 2012. At that point TCCAP owed $374,000 to the client-pooled account. Those involved with the transactions include the accounting manager, who determined the agency's cash requirements and the amount to be borrowed from the Guardianship funds, Mr. Costello and Ms. Ducharme. It is possible that at least one director was informed as well.

C. Borrowing from Other Restricted Funds

The extent of internal borrowing in 2011 and 2012 from one fund to another became so extensive that it caused the financial breakdown of TCCAP. The borrowing included:

- $374,000 of restricted Guardianship funds referred to above.
- $35,000 of HUD reserve funds for the Cornerstone Project had been used by the agency for general operating expenses.
- $533,667 of advanced Fuel Assistance Program funds had been used to cover the agency's cash flow needs.
- $477,000 of Head Start funds had been spent prior to services being provided or allowable expenses incurred.
- $102,000 of Community Development Block Grant accounts.

As of December 2012, TCCAP held $730,000 in checks payable to vendors that could not be released because there were not sufficient funds in its checking accounts. In addition, TCCAP was unable to deposit employee retirement contributions in a timely manner.

VIII. Management Misconduct

Mr. Kelly, Ms. Ducharme and Mr. Costello failed to follow minimally acceptable accounting standards and failed to heed the management letter issued by TCCAP's auditor, Dineen & Crane, which listed seventeen significant weaknesses related to program management, accounting and reporting systems, and cash management. The management letter specifically warned against borrowing from a restricted fund, the Fuel Assistance Program, which had already taken place.

They continued over the years to operate and expand programs and real estate assets without evaluating their risk to TCCAP. They continued over the years to manage TCCAP without implementing minimally acceptable financial controls. They also continued to use cash from restricted funds as petty cash from which they could pay bills from other, cash short, programs.

This activity hit a new low in July 2011, when Ms. Ducharme and Mr. Costello opened a new back account for restricted Guardianship funds, gave themselves cash transfer rights and began to borrow funds from the restricted accounts to fill cash shortfalls elsewhere. The Guardianship accounts are monies paid to TCCAP as a fiduciary for use by mentally ill and developmentally impaired persons. The money belongs to those vulnerable persons, not to TCCAP.

Mr. Kelly, Ms. Ducharme and Mr. Costello treated TCCAP as a social service venture capital operation, but using public and charitable, not private, money. They expanded its suite of programs well beyond its core mission into risky new ventures, including a dental center and the Northern Forest Heritage Park. When new or expanded programs ran into financial headwinds, they did not cut back, but rather borrowed money from banks and from restricted funds within TCCAP. The result was catastrophic: in fiscal years 2011 and 2012, large deficits were reported in the following programs: Weatherization, Restorative Justice, Senior Wheels, Tamworth Dental Center, substance abuse services, Northern Forest Heritage Park and the Guardianship program. The overall agency current ratio plummeted from 1:1 to 1:9.

Mr. Kelly, Ms. Ducharme and Mr. Costello made risky real estate investments. The Tamworth Resource Center and Tamworth Dental Center incurred cost overruns and inadequate supporting revenue, which required TCCAP to issue bonds. The Cornerstone Housing project in Berlin also incurred overruns that required TCCAP to take on a $500,000 bridge loan that also got converted to long term debt. The Ashland Historic School restoration required taking on new long term debt, which included the conversion of an operating line of credit.

A list of good management and governance policies that TCCAP did not follow may be found in Attachment F.

IX. Governance Misconduct

A. Absence of Board Leadership

The board's lack of financial oversight originated with its organization, or lack thereof. The eighteen former board members interviewed averaged nine years of service, with a range from one to thirty years. The majority of the board members had been recruited to join by Mr. Kelly, and not by a nominating committee. Board members rubber stamped the recommendations of the executive director with little or no dissent. When TCCAP's finances took a turn for the worse, the board lacked the leadership capacity to address the crisis.

There was no active finance, personnel, nominating or audit committee. There was an active executive committee, but it did not keep the board informed of decisions relating to executive director performance reviews, salary or bonus. There were few executive committee minutes, and they were not shared with the full board. The process for recruiting board officers was directed by management and not by the board.

TCCAP did offer some opportunities for board training. At least two board members attended several training sessions in Las Vegas conducted by a national accounting firm, but that training did not make any difference in board behavior. Program managers talked about their programs at board meetings, but those conversations were divorced from frank discussions about financial realities.

A list of good management and governance policies that TCCAP did not follow may be found in Attachment F.

B. Executive Director

One of the most important duties of a board is the hiring of the organizations' executive director, followed by the review of his/her performance and the determination of compensation. While Mr. Kelly had a local and national reputation as a community development leader, his board did not evaluate him or set his salary and bonus. That was left to the executive committee.

There was no succession planning. When Mr. Kelly announced his sudden retirement in the spring of 2011, the board did not develop a job description, form a search committee or interview candidates. Instead, they immediately followed Mr. Kelly's recommendation to hire the board chair, Mr. Costello.

The result of this abdication of responsibility was a board beholden to its executive director, and not the opposite.

C. Budgets and Financial Statements

Another critical responsibility of the board is the approval of the annual agency budget and monitoring of actual results as compared to the budget. Yet there was no active finance committee to champion this task at TCCAP. In general, directors received financial packets at board meetings, but the information presented was not sufficient to determine what programs were operating at a deficit, or how each program's actual results compared to budget. The full board did not vote on annual budgets.

The board is responsible for monitoring management's compliance through inspection and reports. In the absence of this culture and oversight, poor decisions and unauthorized actions can occur during times of crisis. The board at TCCAP deferred to the executive director and did not ask in-depth questions or encourage discussion, and so did not provide oversight.

D. Strategic Planning

Strategic planning is an interactive process that includes the board and the executive director in developing the organization's long term objectives, along with a financial plan to accomplish those objectives. This process keeps the agency focused on its mission, so that as opportunities arise, they can be evaluated within the framework of the strategic plan. Based on interviews with former board members, it seems that a strategic planning process was not in place.

The result was a board that blindly presided over the continuation of existing programs and approved new programs without adequate consideration of the financial, administrative or strategic consequences of those decisions.

For instance, TCCAP took on many new programs in the years leading up to its financial crisis, including programming outside of its mission, such as the Northern Forest Heritage Park and the Tamworth Dental Center. Directors reported having doubts about the new programs' alignment with the agency's mission as well as doubts about their financial feasibility, yet they still approved them. For example, the agency was offered and accepted a former church at no cost, yet TCCAP had no defined use for the building, and no projected revenue source to pay for its repairs and upkeep. Ultimately TCCAP rented a portion of the building to a community theatre group for a de minimis rent.

In addition to misalignment with TCCAP's mission and its financial status, these programs also challenged TCCAP's management capacity. One board member stated that the agency was not capable of shrinking; there was not a culture of reducing staff and shedding programs appropriately when there was insufficient funding. Without a strategic plan to direct its efforts and priorities, the agency overextended its limited resources while increasing financial losses.

E. Audit Oversight

Of the eighteen former board members interviewed, fifteen stated that they had never met with the agency's auditor. The audit report was simply distributed to the board by the CFO and board members were told to contact her if they had any questions.

The majority of former board members admitted the lack of an active audit committee, and the failure of the auditor to meet with the board. Former board members also reported having doubts about TCCAP's internal reporting systems, but relied on the fact that there were no management letter comments issued by the auditor. The board as a whole did not follow through to make sure that there was implementation of the recommendations made in the 2003 and 2004 management letters from Dineen & Crane concerning the lack of financial controls and the borrowing from restricted funds.

X. Auditor Misconduct

A. Agency Audit Reports

TCCAP received an unmodified opinion in every audit report from 2003-2011, yet the 2012 the audit report contained not only a qualified opinion, but also a going-concern opinion.

TCCAP's board did not receive a management letter from their auditor from 2005-2011; yet in 2012 the auditor issued a management letter that included twenty material weaknesses and four significant deficiencies in TCCAP's internal controls, systems, procedures, and management.

TCCAP's auditors reported no significant findings in the Single Audit Reports, and rated the agency as "low risk" in every audit from 2005-2011. In 2012 all of the findings and deficiencies noted in the management letter were also reported in the Single Audit Report.

The auditor is required to send an Engagement Letter to the client, i.e. the board of TCCAP. The auditor must also communicate with the client at the end of the audit to identify any significant difficulties, delays, lack of information, or other significant issues. There was no evidence of any engagement letter or any correspondence between the auditor and the board for fiscal years 2008 through 2011.

The significant problems reported in 2012 did not manifest themselves over a twelve-month period, but rather were on-going practices that should have been detected and reported to the board during the annual audits. The importance of the auditor's role cannot be overstated. In the absence of a management letter, or modified opinion, the board under some circumstances might assume that the agency's financial reporting and internal controls are reliable.

B. Audits by Funding Sources

This investigation did not examine the frequency, scope or findings of audits performed by the federal and state agencies that award funds to TCCAP. These funding sources monitor service providers to determine whether the funds awarded are used as intended, and evaluate the recipient's capacity to manage programs. See Attachment E.

In July, 1981 the federal General Accounting Office issued a Report to Congress entitled "Internal Control Weaknesses at Community Action Agencies." The study examined twelve CAP agencies and found that funds had been mismanaged or misused. At one location funds were embezzled. In each of these instances the agencies had weak internal controls and thus created an environment for the misuse to occur and to go undetected. The study recommended that the agencies charged with funding community action programs enforce their requirements for a strong system of internal controls, develop monitoring systems that ensure the controls are in place, and apply sanctions when controls are inadequate.

While the absence of greater oversight by funders is notable, it does not take away from the oversight obligations of management, board and agency auditors.

XI. Intervention to Save TCCAP

In December 2012 a consulted detected TCCAP's wrongful use of Guardianship Funds and reported it to the CTU. The Attorney General immediately petitioned the 1st Circuit Court to suspend the board and to appoint a Special Trustee. The Court approved the request and on December 14, 2012 Attorney Todd C. Fahey was appointed and charged with determining whether the agency was viable, identifying the actions required to stabilize it, and ensuring that the agency continued to provide services to the community.

The Trustee initiated cost reduction efforts, expedited reimbursements due from state funding sources, sought financial support from New Hampshire non-profits, and asked for patience and leniency from vendors and lenders. In July, 2013 the New Hampshire Legislature voted to appropriate $1.033M to TCCAP from the State's Renewable Energy Fund. These funds were to be used as needed for the following programs:

$533K- Fuel Assistance Program/ Low Income Home Energy Assistance Program/LIHEAP funds)
$189K- Guardianship Fund
$350K- Reduction of the agency's line of credit with TD Bank

In addition, the State budget included a $250,000 revolving line of credit for TCCAP.

Stabilizing the agency came at a cost. The Court-appointed trustee and two financial consultants submitted invoices totaling nearly $350,000. The Special Trustee brought in new personnel including a Chief Executive Officer, Chief Financial Officer and additional accounting staff. Other indirect costs include various audits performed by TCCAP's funders, including the Office of Inspector General for Health and Human Services.

The final action taken by the Circuit Court in January, 2014 impaneled a new board, dismissed the former/suspended board, appointed the interim board Chair, and concluded the Special Trusteeship.

XII. Subsequent TCCAP Operations

The new management and board at TCCAP have placed the organization on a sustainable path. It is current with its bank lenders and trade creditors. It has put non-performing assets up for sale. Some operations have been consolidated to save resources. Its most recent audit, for the period ending June 30, 2014, comes with an unqualified opinion.

Management at TCCAP has been completely overhauled. Operations have become more standardized, senior staff meet regularly as a group, and human resource functions are more rigorous. Financially there is a much greater emphasis on compiling and reporting data. There are daily cash reports and monthly trial balances. There are now annual budgets for each agency division. Compliance with governmental and contractual requirements is now a priority, and there is a greater emphasis on documentation of agreements.

Governance has also seen a transformation. The board of directors has completed a five year strategic plan which sets forth TCCAP's detailed programming, financial and human resource priorities. Limits have been placed on the board executive committee so that the entire board can better participate in decision making.

XIII. Sources for Financial Recovery

A. Directors and Officers Insurance

A claim has been filed with the agency's insurer. It was initially denied, and litigation against the officers and directors is being filed. The officers and directors in turn are expected to file coverage litigation against the insurer.

B. Professional Liability Insurance

The court-appointed Special Trustee advised TCCAP's former auditing firm Ron L. Beaulieu & Co. to place his insurance carrier on notice of potential claims. Litigation against the firm is contemplated.

Attachment A - TCCAP - Comparative Balance Sheets/All Funds/ FY 2003 - 2013 *Source: Final Audit reports*

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Assets *(Audit firm)*	*D&C*	*D&C*	*D&C*	*C&B*	*C&B*	*RLB*	*RLB*	*RLB*	*RLB*	*M&R*	*M&R*
Current: Cash	$1,291,182	$800,401	$406,795	$645,770	$228,132	$223,081	$74,138	$69,868	$111,589	$0	$88,679
Investments	$1,430,120	$1,468	$1,468	$1,608	$721,155	$952,225					
Grants/AR/Due from funds	$1,126,574	$1,032,659	$986,287	$1,260,336			$1,045,395	$912,708	$1,041,416	$626,033	$966,287
Prepaid Expenses	$0	$51,639	$0	$0	$0	$0					$16,052
Inventories	$52,857	$87,837	$84,808	$43,517	$85,917	$83,458	$70,000	$70,000	$79,033	$99,759	$65,023
Due from Insur/Other											$42,673
Total Current	**$3,900,733**	**$1,974,004**	**$1,479,358**	**$1,951,231**	**$1,035,204**	**$1,258,764**	**$1,189,533**	**$1,052,576**	**$1,232,038**	**$725,792**	**$1,178,714**
Other: LTD Res/Rstr Cash/Oth	$54,251	$0	$0	$0	$20,634	$66,571	$28,007	$34,124	$219,766	$488,449	$631,525
Land, Blg, Equip	$4,826,166	$6,216,240	$6,179,766	$7,116,399	$8,842,531	$7,352,967	$7,518,240	$8,856,924	$10,260,796	$10,585,785	$10,937,228
Accumm Depreciation	($872,583)	($1,959,876)	($2,067,652)	($1,956,534)	($1,959,685)	($1,973,946)	($2,170,020)	($2,413,753)	($2,866,319)	($3,410,650)	($3,954,459)
Land, Blg, Equip, **Net**	$3,953,583	$4,256,364	$4,112,114	$5,159,865	$6,882,846	$5,379,021	$5,348,220	$6,443,171	$7,394,477	$7,175,135	$6,982,769
Total Assets	**$7,908,567**	**$6,230,368**	**$5,591,472**	**$7,111,096**	**$7,938,684**	**$6,704,356**	**$6,565,760**	**$7,529,871**	**$8,846,281**	**$8,389,376**	**$8,793,008**
Liabilities Current LTD + Lease	$189,887	$184,828	$229,724	$320,776	$109,386	$70,618	$562,692	$645,938	$147,968	$3,376,085	$349,464
Line of Credit	$0	$100,000	$0	$100,000	$100,000	$0	$300,000	$500,000	$521,940	$793,976	$685,587
Accounts Payable	$339,484	$257,268	$261,624	$383,191	$617,622	$1,000,090	$691,668	$885,866	$545,549	$1,001,434	$1,245,898
Accrued Exp	$295,259	$530,579	$497,764	$586,259	$538,466	$533,721	$354,348	$418,882	$465,466	$536,429	$455,418
Deferred Revenue	$0	$946,339	$353,099	$575,490	$374,230	$163,868	$126,503	$237,766	$722,260	$0	
Other Current Liab	$28,567	$0	$0	$0	$0				$0	$630,759	$467,840
Refundable Advances	$645,795	$0	$0	$0	$0						
Funds held for others	$2,362,266	$0	$0	$0	$0						
Total Current Liab	**$3,861,258**	**$2,019,014**	**$1,342,211**	**$1,965,716**	**$1,739,704**	**$1,768,297**	**$2,035,211**	**$2,688,452**	**$2,403,183**	**$6,338,683**	**$3,204,207**
Long Term Debt	$2,537,079	$2,456,764	$2,394,036	$2,255,254	$2,881,699	$3,372,682	$2,846,859	$2,655,776	$4,207,838	$1,084,954	$4,690,993
Total Liabilities	**$6,398,337**	**$4,475,778**	**$3,736,247**	**$4,220,970**	**$4,621,403**	**$5,140,979**	**$4,882,070**	**$5,344,228**	**$6,611,021**	**$7,423,637**	**$7,895,200**
Net Assets											
Temp Restricted	$347,755	$668,742	$865,956	$2,233,341	$3,042,819	$0	$0	$0	$0	$1,341,201	$1,125,522
Unrestricted	$1,162,475	$1,085,848	$989,269	$656,785	$274,462	$1,563,377	$1,683,690	$2,185,643	$2,235,260	($375,462)	($227,714)
Total Net Assets	**$1,510,230**	**$1,754,590**	**$1,855,225**	**$2,890,126**	**$3,317,281**	**$1,563,377**	**$1,683,690**	**$2,185,643**	**$2,235,260**	**$965,739**	**$897,808**
Total Liab & Net Assets	**$7,908,567**	**$6,230,368**	**$5,591,472**	**$7,111,096**	**$7,938,684**	**$6,704,356**	**$6,565,760**	**$7,529,871**	**$8,846,281**	**$8,389,376**	**$8,793,008**
	$0	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*

Note: Beaulieu did not include Guardianship funds on the B/S (see FN10/'08 audit). M & R did included Guard $$'s, designated as "Restricted Net Assets."

FY12 change in net assets = 2012 net assets of $965,739 less 2011 net assets of $2,235,260, = $1,269,521/FY12 loss of $759,561 and PPA of $509,521

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Current Ratio	1.0	1.0	1.1	1.0	0.6	0.7	0.6	0.4	0.5	0.1	0.4

Attachment A - TCCAP - Comparative Balance Sheets/All Funds/ FY 2003 - 2013

Source: Final Audit reports

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
A/P as % of Tot Exp's	2.4%	1.7%	1.7%	2.3%	3.9%	5.4%	3.0%	3.6%	2.3%	4.7%	6.5%

Atttachment B - TCCAP - Comparative Income Statements/FY 2003 - 2013 *Source: Final Audit reports*

		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:	Program Funding	$10,768,440	$9,251,265	$12,237,969	$14,471,549	$13,972,773	$16,356,209	$21,120,797	$22,870,306	$21,215,757	$19,026,824	$16,716,040
	Contributions	-	$1,109,480	$830,714	$1,333,315	$851,252	$312,990	$487,742	$481,188	$801,440	$671,625	$789,549
	Other Revenue	$3,170,501	$3,937,312	$2,452,452	$1,654,762	$1,278,997	$1,219,720	$1,172,354	$1,063,170	$1,083,837	$315,107	$814,417
	In-kind contributions	$574,669	$518,119	$388,061	$320,826	$353,192	$547,658	$676,385	$641,026	$734,597	$411,442	$695,449
	Total Revenue	**$14,513,610**	**$14,816,176**	**$15,909,196**	**$17,780,452**	**$16,456,214**	**$18,436,577**	**$23,457,278**	**$25,055,690**	**$23,835,631**	**$20,424,998**	**$19,015,455**
	% incr		2.1%	7.4%	11.8%	-7.4%	12.0%	27.2%	6.8%	-4.9%	-14.3%	-6.9%
Fx'l Exp's	Salaries/wages	$5,578,644	$5,681,374	$5,598,818	$5,732,038	$5,653,728	$5,365,057	$5,687,326	$6,512,807	$7,348,713	$6,363,578	$5,537,248
	Payroll taxes/fringe	$1,592,906	$1,656,917	$1,772,017	$1,989,409	$2,110,753	$2,173,667	$2,349,554	$2,544,428	$3,148,525	$2,530,128	$1,910,316
	Assistance to clients	$3,222,457	$3,218,146	$4,168,672	$4,821,933	$4,700,261	$5,036,869	$8,997,693	$9,121,581	$7,274,834	$6,094,434	$5,689,696
	Consultnts/Contrctrs	$422,893	$553,777	$764,674	$633,107	$305,480	$467,135	$301,367	$364,385	$933,120	$361,210	$221,805
	Fiscal/Admin/Fees	$90,618	$214,390	$67,591	$41,366	$7,579	$109,356	$120,241	$142,739	$154,597	$159,338	$121,600
	Space costs/Util/rentals	$588,608	$728,941	$543,799	$579,812	$511,646	**$1,012,108**	$1,026,135	$909,947	$1,144,888	$1,337,081	$1,252,474
	Consumables	$463,900	$763,779	$931,655	$855,651	$922,401	$827,886	$906,951	$1,030,625	$830,899	$1,167,756	$957,436
	Equipment rental	$111,848	$63,876	$77,442	$40,362	$49,380	$55,245	$52,988	$15,063	**$258,819**	$44,908	$7,586
	Telephone	$189,953	$181,018									
	Travel/Meetings	$312,638	$248,101	$31,322	$300,016	$321,856	$269,792	$270,204	$277,775	$399,828	$243,437	$237,849
	Vehicle Expense	$115,709	$126,930	$159,659	$158,979	$125,557	$152,491	$153,430	$149,497	$199,973	$318,667	$273,523
	Insurance	$240,566	$489,376	$223,412	$226,827	$195,888	$35,459	$38,968	$45,099	**$292,247**	$211,513	$251,392
	Interest Expense	$241,709	$159,303	$161,744	$175,600	$170,298	$172,817	$201,826	$213,330	$184,569	$222,133	$260,615
	Other Dir Prog Costs	$373,130	$16,736	$587,769	$489,212	$374,192	$882,060	$957,692	$984,785	$310,027	$87,777	$87,605
	Depreciation	$170,004	$267,615	$244,195	$234,155	$219,046	$211,365	$307,912	$355,162	$568,798	$510,568	$577,373
	(Gain)/loss sale of FA	($108,858)	$2,141		$134,806							
	(Gain) Int Rate Swap										$44,620	($31,783)
	In-kind	$574,699	$518,118	$388,061	$320,826	$353,192	$547,659	$676,383	$641,026	$734,597	$411,282	$680,499
	Program Support		$4,928	$87,731	$11,452	$7,802	$8,396	$10,832	$13,019	$1,580	$18,098	$5,188
	Management & Genl						$1,200,669	$1,277,463	$1,232,469	$0	$1,058,031	$1,042,964
	Total Expenditures	**$14,181,424**	**$14,895,466**	**$15,808,561**	**$16,745,551**	**$16,029,059**	**$18,528,031**	**$23,336,965**	**$24,553,737**	**$23,786,014**	**$21,184,559**	**$19,083,386**
	% incr		5.0%	6.1%	5.9%	-4.3%	15.6%	26.0%	5.2%	-3.1%	-10.9%	-9.9%
Excess (Deficit)		**$332,216**	**($79,290)**	**$100,635**	**$1,034,901**	**$427,155**	**($91,454)**	**$120,313**	**$501,953**	**$49,617**	**($759,561)**	**($67,931)**
Net Assets, Beg of year		$1,178,014	$1,510,230	$1,754,590	$1,855,225	$2,890,126	$3,317,281	$1,563,377	$1,683,690	$2,185,643	$2,235,260	$965,739
Transfrs & Prior Pd Adj's		$0	$323,650	$0	$0	$0	**$1,662,450**				**($509,960)**	
Net Assets, End of year		$1,510,230	$1,754,590	$1,855,225	$2,890,126	$3,317,281	$1,563,377	$1,683,690	$2,185,643	$2,235,260	$965,739	$897,808
	Proof	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*
	Change in net assests		$244,360	$100,635	$1,034,901	$427,155	($1,753,904)	$120,313	$501,953	$49,617	($1,269,521)	($67,931)
	Adjust for Cornerstone					($1,662,450)	$1,662,450					
	Adj Change in Net Assets		$244,360	$100,635	$1,034,901	($1,235,295)	($91,454)	$120,313	$501,953	$49,617	($1,269,521)	($67,931)

Attachment C
TCCAP Comparative Statements of Cash Flows
For FY's 2008 - 2012

(Source: Annual Audit)

	2008	2009	2010	2011	2012	2013
NetProfit/(Loss))	($91,454)	$120,313	$501,953	$49,617	($759,561)	($67,931)
Plus Depreciation	$211,365	$307,912	$355,162	$568,798	$510,568	$577,373
Plus Other Cash Used in Operional Activities	($214,385)	($402,309)	$670,016	$68,368	$102,248	$543,286
Net Cash Provided/(Used) from Operating Activities	**($94,474)**	**$25,916**	**$1,527,131**	**$686,783**	**($146,745)**	**$1,052,728**
Net Cash Provided/(Used)from Investing Activities	($370,655)	($141,110)	($1,423,937)	($1,699,154)	**($322,742)**	**($320,161)**
Net Cash Provided/(Used)from Financing Activities	$460,078	($33,749)	($107,464)	$1,054,092	**$282,337**	**$510,858**
Net Increase/(Decrease) in Cash	**($5,051)**	**($148,943)**	**($4,270)**	**$41,721**	**($187,150)**	**$1,243,425**
Cash & Equivalents - Beginning of Year	$228,132	$223,081	$74,138	$69,868	$41,721	$0
Prior Period Adjustment	$0	$0	$0	$0	$145,429	$187,150
Cash & Equivalents - End of Year	$223,081	$74,138	$69,868	$111,589	$186,516	$88,679
Change in Cash & Equivalents	**($5,051)**	**($148,943)**	**($4,270)**	**$41,721**	**($634)**	**($98,471)**
Proof	*$0*	*$0*	*$0*	*$0*	*($186,516)*	*$1,341,896*
Cash paid during year for interest	*$172,817*	*$201,826*	*$213,330*	*$184,569*	*$222,133*	*$260,615*

Note: FY11, $1,054,092 cash provided from Financing Activ includes $3.2M proceeds from LTD, $2.1M used to extinguish existing LTD, and $187K used to replenish restricted cash account.

Attachment D

Tri-County CAP Debt Service & Lines of Credit

Source: Annual Audits-Notes to FS

(LTD = Long Term Debt)

(LOC = Line of Credit)

	2008	2009	2010	2011			Tot 2011	2012			Tot 2012	2013			Tot 2013
LTD - Mo P&I		$22,069	$23,678				$38,581				$23,526				$28,044
LTD - Annl P&I	$0	**$264,828**	**$284,136**				**$462,972**				**$282,312**				**$336,528**
LOC Available	$100,000	$300,000	$500,000	$45,000	$500,000	$25,000	$570,000	$45,000	$800,000	$25,000	$870,000	$45,000	$750,000	$25,000	$820,000
LOC - O/S Bal	**$0**	**$300,000**	**$500,000**	$44,316	$457,621	$20,003	**$521,940**	$45,000	$729,273	$20,003	**$794,276**	$40,052	$627,352	$18,183	**$685,587**
LOC Source	Northway	Northway	Northway	Northway	TD Bank	Laconia	3 banks	Northway	TD Bank	Bank of NH	3 banks	Northway	TD Bank	Bank of NH	3 banks
Secured?								No	Yes	Yes		No	Yes	Yes	
LOC int rate	8.25%	5.0%	7.0%	5.0%	4.25%	4.25%	various	6.5%	4.25%	4.25%	various	6.5%	4.25%	4.25%	various
								(1)	(2)	(3)					
LOC O/S- Incr/(Decr from P/Y		$300,000	$200,000				$21,940				$272,336				($108,689)
											(4)				

Note: FY 2013 Annual Principal & Interest

1	Ann'l pymnts on LTD	$282,312	$336,528
2	Note to related party ($43K) - full principal & int due Aug 2012 (does not include accr int @ 6%)	$43,000	$26,045
3	Note to SNHCAP, full principal & int due 06/30/13 (does not include accr int @ 6%)	$100,000	$152,997
		Due in FY13 **$425,312**	Due in FY14 **$515,570**

Future Maturities (per 2012 Audit)

2013	$3,337,972	TCCAP is not in compliance with req'd cash balance in accounts
2014	$46,726	
2015	$49,276	
2016	$50,078	
2017	$49,101	
Thereafter	$735,737	
Total	$4,268,890	

Attachment E
TCCAP Single Audit Report Comparisons
Schedule of Federal Expenditure Amount
For Fiscal Years 2003 - 2013
Expenditure Amount

Expenditures	CFDA # *(1)*	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
USDHHS												
Dept Agric - Rural Housing Preserv	10.433	15,000	65,000	47,827	77,000	6,993	5,278	46,000	101,500	43,500	41,585	22,803
Tech & Supvsry Assistance	10.441	37,000	37,000	27,341								
Food Stamps	10.551	-	-	-	20,373	23,471	9,918	18,955	16,563	13,965	13,295	9,603
Child Care food program	10.558	62,796	77,421	73,526	61,270	42,328	86,588	100,059	101,653	95,963	96,291	88,576
WIC Nutrition /Supplemental Food	10.558	2,238	2,238	2,819		985						
Emergency Food Assist Prog	10.568	3,052	3,052	7,581	8,390	7,124			1,109	30,466		
Food Stamp Program	10.580	-	1,086	-			18,038					
Thru DOT/Rural Dev/Tranportation Initiative	10.672	-	-	12,999	24,600							
Rural Develop. - Tamworth Generator	10.766	-	-	-	50,000							
HUD 202	14.157				15,305	841,498						
Housing Counseling Grant	14.169	12,746	-	-							13,775	5,283
CDBG	14.228	10,462	-	-	35,490	362,779					211,473	170,045
McKinney Emerg Shelter Grant	14.231	34,968	-	61,907	54,842							475
Supportive Housing - Friendship Hse	14.235	189,145	188,568	185,681	235,710	15,714	215,288	321,810			169,018	
Supportive Hsing Grant	14.235	129,736	235,931	129,736	129,708	277,340	211,528		404,283	328,186	162,694	278,232
HFA-Single Family Rehab program	14.239	173,150	167,176	216,386	244,017	405,369	98,461	729	325,515	62,441		
EDI Special Proj Grant	14.246	4,516	-	-								
HUD - Cornerstone Project	14.251				248,000							
Homeless Prev & Rapid Re-Hsing ARRA	14.257								354,482	289,652	267,253	
' Lead-bsd Paint Control/Private Hsing	14.900								3,971	13,715	77,535	84,717
Sexual Assault Services/Formula Prog	16.017								352	8,957	5,489	1,564
Juv Justice/Juv Accntabilyt Incentive	16.523	28,040	-	-								
Juv Justice/Delinquency Prevention	16.540						75,104	93,044	75,058	10,122		
NHCADSV/VOCA	16.575	56,692	53,646	63,646	70,452	58,061	58,574	54,607	45,254	80,270	72,294	
VOCA Shelter Grant	16.575	21,107	80,709	-								65,626
Byrne Formula Grant	16.579	31,502	50,579	40,119	17,510	6,253						
Carroll Cnty Alternative Sentenc	16.580	113,396	197,803	64,728								
Victim Services (VAWA)	16.589	-	-	41,531	54,590	40,160	47,011	62,741		26,988	9,048	
Byrne Grant/ARRA	16.803								40,704	22,662	19,331	6,661
DOL - Welfare to Work	17.253	90,007	52,629	60,148	40,844							
WIA Adult Program	17.258	111,569	123,886	74,948	82,857	81,816	78,126	68,552	96,215	89,152	83,234	

	CFDA #	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
WIA Dislocated Worker Program	17.260	95,681	126,405	87,819	89,015	70,772	76,717	78,064	67,914	90,212		
WIA Dislocated Worker/Formual Grnt	17.278										96,879	134,546
DOT - Capital Program	20.500	81,702	-	-	46,720	1,490						
DOT- Public Trnsit/Sect 5310/5311/5312	20.509	127,028	138,478	127,177	206,196	196,561	233,475	211,359	226,828	231,770	383,119	333,090
DOT - FTA (JARC)	20.512				20,907	43,955	45,070					
DOT - Enhanced Mobility Sr's & Disabled	20.513					55,694						79,199
DOT - Public Trans Research	20.514							31,711	64,100			
DOT- Formula for other than Urban	20.516							44,959	47,851	48,665		49,333
DOT - New Freedom Program	20.521									9,400		
Environmental Protection Agency	66.818									387,014	12,188	
DOE - Weatherization Low Income	81.042	254,597	259,073	267,027	338,036	301,076	255,746	451,037	1,359,190	1,375,625	1,572,351	302,825
DOE - Energy Effic & Conserv Block Grnt	81.128										85,084	242,800
US Dept of Ed - Safe &Drug Free Schls	84.184	38,519	31,114	37,772	9,442							
Elderly/Adults Serv- Title III Part B	93.044	109,267	66,364	107,292	77,999	78,773	100,912	97,568		64,496	68,128	74,397
Part C/Nutrition Serv	93.045	383,499	239,822	344,534	280,395	328,749	304,770	307,871		216,209	219,176	220,351
AoA Demo Award	93.048	34,308	15,042			10,072	7,643	9,208			4,590	
Alz Adult Day Care	93.048	104,000	30,820	-						11,971		4,590
Family Caregiver Support	93.052	23,076	12,200	33,473	44,685	61,413	39,422	27,000		15,385	20,646	10,888
Nutrition Serv Incentive Program	93.053	-	-	60,067	59,337	63,993		68,725	74,639	82,346	70,946	76,907
Medicare Enrollment Assistance Prog	93.071									3,966		
Transition from Homelessness (Path)	93.150	-	-	70,000	79,829	79,829	79,829	79,829	79,829	79,829	79,829	
PATH	93.150	-	70,000	-								
ACA - MC Improv for Patients/Providers	93.518										5,981	
Temporary Aid to Needy Families (JARC)	93.558	-	-	-	6,000	13,375	24,028	24,300	24,300	24,300	376,907	316,537
Families @ Work	93.560					82,384	97,245	132,426	99,982	115,018		
LIHEAP	93.568	3,297,997	3,323,222	4,640,176	5,426,061	4,364,181	5,311,676	9,316,209	8,816,505	6,861,670	5,972,070	5,894,159
CSBG (Energy & Comm Serv)	93.569	450,908	792,622	666,178	624,432	605,558	612,258	713,943	680,496	642,229	628,329	516,562
Title XX Child Care and Develop	93.596	64,368	41,739	32,741	37,939	24,549	28,131	11,422				
Access & Visitation Serv	93.597	28,224	22,089	35,054	59,472	41,442	27,943	18,866	23,458	45,919	13,310	
Head Start	93.600	2,038,759	2,240,748	2,060,808	1,925,459	1,929,439	2,244,023	1,706,978	2,149,599	2,181,149	2,393,546	1,598,957
Mntoring Children of Parents in Prison	93.616	-	-	35,156	35,671	6,500						
Title XX/Soc Serv/Home Del'd Meals	93.667	114,285	52,571	114,285	122,689	123,373	83,955	105,504	112,674	100,448	98,263	99,824
CADSV - FVPSA	93.671	35,168	17,992	32,027	29,389	30,526	31,529	31,107	28,375	28,692	49,793	51,257
AARA Aging Congregate Nutrition Serv	93.707								40,124	11,579		
DHHS - Head Start - ARRA	93.708									95,935		
ARRA Comm Serv Block Grant	93.710								309,706	607,630		
Medicaid Emp Adults w/ Disab (MEADS)	93.768	-	-	-	4,500							
Medical Assistance Program	93.778									47,656	65,969	65,969

	CFDA #	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Mcare & Mcaid Research	93.779					6,166	23,951	23,951	23,951	6,915	16,507	8,962
Health Resources Serv And (HRSA)	93.887	-	-	-	638,342							
NHB Children/Youth/Famil - AOD	93.959	350,380	380,380	425,008	425,008	425,008	428,213	427,213	355,913	354,996	275,358	281,477
Rape Block Grant & VAWA	93.991	38,113	36,062	13,973	11,203	11,254	11,833	11,208	11,035	9,489	9,762	9,762
RSVP	94.002	78,195	76,936	82,883	83,571	84,699	85,899	83,219	83,219	85,716	73,107	63,211
Corp for Natl Service/Americorp	94.006	145,339	-	-								
VISTA Support	94.013	5,955	-	10,000	17,000	25,000	25,000	25,000	17,829	7,171		
Senior Companion	94.016	3,952	1,255	4,233	3,094	3,539	4,775					
Homeland Security/Emerg Food/Shelter	97.024	-	-	-	40,211	35,202	25,855	42,066	53,979	50,365	29,683	
NH Employment Program	-	-	-	11,227								
US Dept of Homeland security	97.042	-	-	-								11,430
ARRA - Emeerg Food & Shelter	97.114								39,625			
Community Facililities Grant	99	-	-	-			68,660					
		-	-	-								
Total "Award"		**9,030,442**	**9,311,658**	**10,409,833**	**12,213,560**	**11,274,463**	**11,182,472**	**14,847,240**	**16,357,780**	**15,009,804**	**13,863,836**	**11,180,618**
Var w/ Single Audit Report		*0*	*0*	*0*	*0*	*0*	*0*	*0*	*405,179*	*0*	*0*	*0*

(1) - CFDA is the Catalog of Federal Domestic Assistance (www.cfda.gov) which provides a listing of all Federal programs available to State and local governments of the US, domestic public, quasi-public, and private profit and nonprofit organizations, groups, and individuals.

Schedule for 2010 does not agree with the FY10 Single Audit Report. Appears to be related to HUD grants totallin g$404,283 were added into the total 2 x's, and another number was transposed when calculating the total.

Attachment F

The following summarizes the types of good management and governance practices that were not in place, or were not consistently followed, at TCCAP during the period under review.

A. Board of Directors

1. A board manual was not made available to all members and did not include current documentation on the board's structure, board duties, legal obligations, and relationship with the executive director.
2. The board failed to maintain an annual calendar to make certain board duties were institutionalized and fulfilled.
3. Board meetings were not managed through an effective, consistent, and fair process.
4. Board and committee minutes recorded only final votes, excluding documentation of discussion and dissent. Committee meeting minutes were not consistently taken.
5. Board members were not informed of all decisions. In particular, decisions made by the Executive Committee were not consistently disclosed to the entire board.
6. The board structure lacked active committees fulfilling clearly-defined roles and reporting to the full board.
7. Board training and leadership development were not provided for members on a consistent basis.
8. The board failed to review the organization's mission and vision, and update its strategic plan on a regular basis. As a result, the board was unable to evaluate new proposals based on such a review.
9. The board did not assume responsibility for the recruitment of its members.
10. The board was without a transparent and inclusive policy for conducting a performance review of the CEO; determining CEO compensation; and awarding bonuses.
11. The board did not require the CEO to operate within a system of adequate internal controls; nor did it provide oversight to ensure compliance with Board directives, policies and procedures.
12. The agency was without a succession plan for board and executive leadership.
13. The board's structure did not include an active Finance/Audit Committee.
14. The board failed to provide leadership in selecting and meeting with the agency's financial auditor on a regular basis regarding TCCAP's financial condition and internal controls.
15. The board and CEO failed to verify that deficiencies identified in the financial audit were properly addressed.
16. The board failed to approve annual program budgets and monitor program results as compared to budget.
17. The board lacked procedures for evaluating potential new programs based on their alignment with mission, financial feasibility, risks, and current capacity.
18. The board did not require the adoption of internal financial reporting systems.
19. The board did not have procedures in place to ensure its approval of all debt obligations.

B. Management

1. The agency operated without a board-approved Authorization Policy regarding contracts, purchasing, hiring, employee compensation, and employee travel and reimbursement.
2. The agency operated without a current employee compensation structure and bonus eligibility policy.
3. Management did not restrict the use of personal credit cards for corporate purchases.
4. Management did not implement adequate internal financial reporting systems.
5. Management did not confirm that account reconciliations were performed for grants, cash, and other asset and liability accounts.
6. Management allowed employees to perform duties beyond their ability without proper supervision and review, resulting in weak internal controls, and unrecorded expenses and liabilities.
7. Management did not require adequate screening and background checks on all senior management positions.
8. Management did not provide each employee with a current board-approved Employee Manual defining benefits and eligibility including that for salary, bonus, tuition reimbursement, travel and entertainment and whistleblower protection.
9. Management failed to ensure that every employee received an annual written performance evaluation prepared by their supervisor and approved by human resources.
10. Management failed to ensure that finance personnel and program staff were well-informed about program funding, and asset restrictions.
11. Management failed to authorize and enforce agency policies on nepotism, travel, training, or employee expense reimbursements.
12. Management failed to verify compliance with agency human resources policies.
13. Management failed to restrict access to agency assets.
14. Management failed to tag assets of a certain value and useful life for identification purposes.
15. Management failed to conduct regular physical inventory of assets.
16. Management failed to safeguard electronic data and corporate records through restricted access, storage of back-up files, and record retention.
17. Management failed to maintain current board-approved list of positions authorized for check-signing, wire transfers, and corporate credit/debit cards.
18. Management failed to require double-signatures on checks and wire transfers over a certain amount.
19. Accounting system and software were out-dated and in need of upgrades. This, combined with weak internal controls, created an opportunity for the misuse of funds to go undetected.