

14. Accounting and Audit Services for the Resolution Trust Corporation

From 1992 to 1999, TCBA was one of the largest professional services providers to the Resolution Trust Corporation (RTC) during the resolution of America's Savings and Loan crisis. The RTC was formed by a mandate of the U.S. Congress to manage and liquidate failed Savings and Loan (S&L) institutions. TCBA was recognized by the RTC as a firm that could rapidly mobilize and deploy hundreds of personnel to any geographic location in the United States to assist in and often manage the day-to-day operations, assets sales, audit, review, account for, reconcile or convert systems and assets for any failed S&L to the RTC.

Highlighted below are a few of the engagements performed by TCBA for the RTC:

- Audited adjustable rate mortgage loans totaling over \$2 billion from numerous failed institutions.
 - Performed accounting and reconciliation of over \$52 billion in asset areas and securitization transactions involving over 700,000 residential, multi-family, consumer and commercial loans sold or securitized through RTC's securitization and asset disposition programs.
 - Audited numerous large financial institutions with more than \$3 billion in assets for compliance with RTC's policies and procedures.
 - Performed Internal control review for RTC's regional offices and agency-wide invoice processing system.
 - Conducted tests of appraisal review procedures, accounting and financial reporting, auction and sale of assets.
- Performed financial and compliance audits, including internal control reviews of RTC's asset and property managers, loan servicers, and underwriters. All audits were performed in accordance with *Government Auditing Standards*.
 - Performed EDP conversions of receivership accounting records to RTC's system
 - Provided accounting and reconciliation services for numerous multibillion dollar failed institutions, as part of a project to identify, classify and correct entries to RTC's Financial Information System.
 - Performed EDP systems audit for RTC in compliance with FMFIA
 - Performed accounting and reconciliation services at numerous failed institutions.
 - Performed due diligence services and related accounting and audit services on over \$20 billion of RTC whole loan sales, securitization and asset sales transactions.

From 1992 to 2000 (when the RTC was transferred to the FDIC), TCBA rendered over 800,000 hours of professional services to the RTC, making this agency the Firm's single largest client.

C. NONPROFIT ORGANIZATIONS

1. Accounting Services and Other Assistance to AARP

TCBA is providing AARP's Chief Financial Officer and Controller a variety of accounting and other professional services. Initially, TCBA evaluated AARP's internal controls and policies and procedures. This resulted in a continuing engagement for TCBA to develop new policies and procedures to improve AARP's internal con-

trols and accountability. In addition, TCBA assisted AARP in several other areas:

- Reviewed the end-of-year accruals process and worked with AARP business units and vendors to ensure that invoices were submitted in a timely manner.
- Analyzed internal cost allocations and developed a more equitable system for allocating costs.
- Developed policies and procedures to assist AARP in changing to a paperless accounts payable system and trained AARP's accounts payable staff on the new system.

TCBA diagnosed a technology interface problem that was impacting AARP's ability to process checks. In addition to analyzing the problem, TCBA conducted best practices research and made recommendations to AARP which resulted in solving the problem.

2. Audit of National Council of Negro Women, Inc. (NCNW)

NCNW is an international organization with over 280 affiliates throughout the United States and Africa. It receives significant Federal and non-federal funds and conducts programs that address the advancement of economic, social, educational, and cultural welfare of women on national and international levels. Since 1985, TCBA has conducted the annual financial and compliance audit of NCNW in accordance with the requirements of *Government Auditing Standards* and OMB Circular A-133.

3. Financial Audit of the Community Partnership for the Prevention of Homelessness

TCBA performs the annual audit of the Community Partnership for the Prevention of Homelessness (TCP). TCP provides managerial support to over 50 subrecipients and receives Federal grants from the U.S. Departments of Housing and Urban Development and Health and Human Services and the DC Department of Mental Health.

TCP has net assets of over \$8 million and operating revenues of \$27 million of which Federal expenditures are over \$16 million. TCBA performs both financial and compliance audits under *Government Auditing Standards* and OMB Circular A-133.

4. Financial Audit of the NAACP

TCBA has conducted the annual financial statement and OMB Circular A-133 audits of the NAACP since 1996. In addition to the audit of the NAACP, we also audit the Crisis Publishing Company, the NAACP Special Contribution Fund, and NAACP's defined benefit pension plan. TCBA also prepares the tax filings for the NAACP, Crisis Publishing, and the Special Contribution Fund. Our audits are conducted in accordance with generally accepted auditing standards and include an assessment of the adequacy of the NAACP's internal financial controls.

Since 1998, TCBA has been the official independent auditor for the NAACP Image Awards, held annually in

Hollywood, California. We are responsible for ensuring the integrity of the balloting process from the tabulation of the results to the safekeeping of the results until the winners are announced at the Awards ceremony.

5. Financial Audit of the Nehemiah Corporation of California

TCBA performs the annual financial and compliance audits of the Nehemiah Corporation, a church-based organization that provides affordable housing and home ownership assistance as well as support to other faith-based and community-based organizations throughout the United States. We also audit the Corporation's affiliated entities: Nehemiah Program, Nehemiah Community Reinvestment Fund, Nehemiah Urban Land Trust, Community Reclaiming Ownership and Pride, Nehemiah Urban Ministries, and Nehemiah Community Foundation.

6. Financial Audit of the Joint Center for Political and Economic Studies

The Joint Center performs research, studies and analysis of economic, social and political issues, and disseminates information to enhance public policy and public awareness of pressing social, economic and political issues. The Joint Center derives its revenues from private grants and contributions, government grants and contracts, and fundraising. TCBA performs the annual financial audit of the Joint Center.

7. Financial Audit of the Neighborhood Reinvestment Corporation

For 7 years, TCBA performed the financial audits of the Neighborhood Reinvestment Corporation (NRC) and the NRC Group Pension Plan. These audits were performed in accordance with *Government Auditing*

Standards and OMB Circular A-133. NRC was established by Congress by the Neighborhood Reinvestment Corporation Act of 1978.

8. Financial Audit of the United Planning Organization

For 9 years, TCBA performed the annual financial and compliance audits of the United Planning Organization (UPO) and its delegate agencies. The UPO has an annual budget of \$30 million and operates 40 community service programs. Operating resources are provided through contracts and grants from agencies of the U.S. government and the District of Columbia. Programs, including HeadStart and Community Services Block Grant programs. TCBA conducted audits of UPO and the delegate agencies in accordance with generally accepted auditing standards, *Government Auditing Standards*, OMB Circular A-133, and other applicable audit guidelines.

9. Financial Management Assistance to Africare

TCBA is assisting Africare in managing and enhancing its financial operations. Africare is a private nonprofit organization dedicated to improving the quality of life in rural Africa.

TCBA is providing a senior-level consultant to serve as the acting Chief Financial Officer to ensure that the organization has adequate internal controls, systems, and professional staff while it recruits and hires full-time personnel to build and maintain its finance department.

10. Financial Audit of the National Urban Coalition (NUC)

For 6 years, TCBA has conducted the financial statement audit and provided the following services for the NUC:

- Redesigned the system of accounts to accurately capture expenses and revenue for each source of funding.
- Established a general and administrative cost pool, and prepared a plan for the equitable allocation of those costs to all funding sources.
- Installed an improved accounting software package which allows for more timely and accurate financial statements and grant financial reports.
- Prepared annual 990 Tax Forms and provided ongoing tax advisory services to protect the 501(c)(3) status of NUC.

11. Compilation and Other Services for the National Organization of Black Law Enforcement Executives (NOBLE)

TCBA performed a variety of services for NOBLE, in addition to a compilation of its financial statements. These services included designing, developing, and installing an accounting system and preparing an accounting policies and procedures manual. In addition, we provided both long- and short-term budget and financial planning, performed business planning, developed overhead calculation and recovery schedules, and provided tax compliance and advisory services.

12. Financial Audit of the Greater Washington Urban League, Inc. (GWUL)

TCBA has performed the annual financial statement and

OMB Circular A-133 audits of GWUL since 1993. GWUL is an affiliate of the National Urban League, Inc. and receives significant Federal and state funds to conduct social and educational programs in the Washington Metropolitan Area.

13. Financial Audit of For Love of Children

TCBA performs the financial statement audit of For Love of Children (FLOC), a nonprofit community service organization. Its primary emphasis is on the needs of children, principally those in the Washington, DC area. FLOC provides foster home care, operates an adolescent group home, operates a therapeutic school, provides housing and family services, provides outdoor education to youth, and plans to develop a community center.

14. Financial Audit of Manna, Inc.

TCBA performed the financial statement and OMB Circular A-133 audits of Manna for 7 years. Manna is a nonprofit organization that provides affordable housing to lower income families in the District of Columbia and surrounding areas. It accomplishes this goal by (i) acquiring properties, renovating and then selling them to low income buyers; (ii) constructing new homes on vacant parcels of land for sale to lower income buyers; and (iii) acquiring, renovating, and renting properties for use as transitional housing for low-income and formerly homeless families.

15. Audits of OMB Circular A-133 Grant Recipients

Many of TCBA's government and nonprofit audit clients are recipients of federal pass-through funds, and

are subject to audits in accordance with OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the Single Audit Act of 1984, as amended. On an annual basis, TCBA audits 20 to 25 grantees that expend more than \$300 million in Federal funds.

The cognizant federal agencies to which we report are as follows:

- U.S. Department of Health and Human Services,
- U.S. Department of Transportation,
- U.S. Department of Education,
- U.S. Department of Agriculture,
- U.S. Department of Housing and Urban Development,
- U.S. Department of Justice,
- Environmental Protection Agency,
- U.S. Department of Labor,
- U.S. Agency for International Development, and
- National Aeronautics and Space Administration.

These audits include an assessment of financial capability and viability, compliance with federal requirements, and internal controls of recipients.

D. CORPORATE GOVERNANCE AND ASSURANCE

TCBA's professionals have gained extensive experience providing corporate governance consulting, audit committee guidance, compliance with the Sarbanes-Oxley Act of 2002, and internal control reviews. TCBA is registered with the Public Company Accounting Oversight Board (PCAOB).

TCBA has witnessed first-hand the many changes in the

regulatory and financial reporting climates and the impact of these changes on our clients.

The Sarbanes-Oxley Act of 2002 provides:

- an opportunity to improve internal control and governance processes,
- voluntary compliance to better position a company in establishing business credit and financing,
- encouragement for companies to comply with the Act although it may not be mandated by law,
- an opportunity for companies to enhance relationships and credibility with stakeholders (investors, funders, the media, members, customers, employees, private accrediting agencies, insurers, governing boards, parent organizations and Federal, state, and local government regulators),
- copycat laws that are being considered by other regulators and state government, and
- sound performance tool for business leaders and multi-national corporations to enhance accounting and governance practices.

The Cascade Effect

Although the Sarbanes-Oxley Act of 2002 only affects public companies, it is having a profound effect on all companies and organizations.

- Elliot Spitzer, Attorney General of New York State, introduced legislation in 2003 to have all nonprofit organization that operate in New York State comply with the Sarbanes-Oxley Act of 2002.
- California has passed several laws that address issues such as retention of audit papers and prohibitions on having auditors join clients' firms.
- More than a dozen states have adopted or proposed some form of parallel legislation aimed at public