

CONSOLIDATED FINANCIAL STATEMENTS
With Supplementary Information
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC. AND SUBSIDIARIES
DECATUR, ALABAMA
For the year ended December 31, 2010

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FINANCIAL SECTION

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- ALABAMA SOCIETY OF
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Independent Auditor's Report

Board of Directors
The Community Action Partnership of North Alabama, Inc.
Decatur, Alabama

We have audited the accompanying consolidated statement of financial position of The Community Action Partnership of North Alabama, Inc. (a non-profit organization) and subsidiaries as of December 31, 2010, and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the consolidated financial statements of the subsidiaries as outlined in Note 17 to the consolidated financial statements, which statements reflect total assets of \$29,115,600 as of December 31, 2010 and total revenues of \$1,832,398 for the year ended December 31, 2010. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts for the above referenced subsidiaries, is based solely on the report of other auditors. The financial statements of the subsidiary as outlined in Note 18 to the consolidated financial statements, with total assets of \$3,688,400 as of December 31, 2010 and total revenues of \$377,994 for the year ended December 31, 2010 were not audited by us or the other auditors and we do not express an opinion or any other form of assurance on the total assets and total revenues of the entity outlined in Note 18.

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. The other auditors conducted their audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, except for the financial statements that were unaudited as outlined in the first paragraph and Note 18 to the consolidated financial statements, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of The Community Action Partnership of North Alabama, Inc. and subsidiaries as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Directors
The Community Action Partnership of North Alabama, Inc.
Decatur, Alabama
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In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2011, on our consideration of The Community Action Partnership of North Alabama, Inc.'s (Parent Organization Only) 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the consolidated financial statements of The Community Action Partnership of North Alabama, Inc. and subsidiaries, taken as a whole. The supplementary information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying Schedule of Expenditures of Federal Awards for The Community Action Partnership of North Alabama, Inc., is also presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.


CERTIFIED PUBLIC ACCOUNTANTS

June 16, 2011

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC. AND SUBSIDIARIES
December 31, 2010

<u>ASSETS</u>	
CURRENT ASSETS	
Cash	\$ 677,403
Grants receivable	463,596
Other accounts receivable	51,422
Prepaid expenses	32,702
TOTAL CURRENT ASSETS	<u>1,225,123</u>
RESTRICTED ASSETS	
Restricted deposits and reserves	1,434,742
NONCURRENT ASSETS	
Notes receivable - related parties	1,081,752
Property and equipment - net	33,252,563
Other assets	257,848
TOTAL NONCURRENT ASSETS	<u>34,592,163</u>
TOTAL ASSETS	<u>\$ 37,252,028</u>
<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES	
Accounts payable	\$ 94,119
Accrued interest	602,279
Other accrued expenses	390,329
Deferred revenue	214,346
Current portion of long-term debt	257,057
TOTAL CURRENT LIABILITIES	<u>1,558,130</u>
NONCURRENT LIABILITIES	
Tenant security deposits	138,915
Accumulated deficit investment in partnerships	25,117
Developer fees payable	807,892
Long-term debt - net	12,827,686
TOTAL NONCURRENT LIABILITIES	<u>13,799,610</u>
NET ASSETS	
Unrestricted	21,593,153
Temporarily restricted	301,135
TOTAL NET ASSETS	<u>21,894,288</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 37,252,028</u>

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

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC. AND SUBSIDIARIES
For the year ended December 31, 2010

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT			
State of Alabama	\$ -	\$ 7,825,414	\$ 7,825,414
Dept. of Health & Human Services	-	14,160,678	14,160,678
Corporation for National and Community Service	-	641,891	641,891
NeighborWorks America	-	10,000	10,000
Local United Way	-	39,274	39,274
Department of HUD	-	204,688	204,688
United Way of America	-	47,586	47,586
Other support	-	331,240	331,240
Rent income	2,083,753	-	2,083,753
Other revenue	853,957	221,424	1,075,381
Non-cash contributions	-	3,423,478	3,423,478
Net assets released from restriction:			
Restrictions satisfied by payments	26,814,486	(26,814,486)	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	29,752,196	91,187	29,843,383
EXPENSES			
Personnel costs:			
Salaries	9,589,319	-	9,589,319
Stipends	383,136	-	383,136
Benefits and payroll taxes	5,313,194	-	5,313,194
Contract services	1,279,019	-	1,279,019
TOTAL PERSONNEL COSTS	16,564,668	-	16,564,668
Travel and transportation costs	481,899	-	481,899
Space costs	2,757,173	-	2,757,173
Consumable supplies	1,601,208	-	1,601,208
Direct assistance	2,619,637	-	2,619,637
Other costs	3,277,804	-	3,277,804
Interest expense	386,667	-	386,667
Rental property expenses	1,900,571	-	1,900,571
Depreciation expense	1,349,250	-	1,349,250
TOTAL EXPENSES	30,938,877	-	30,938,877
CHANGE IN NET ASSETS	(1,186,681)	91,187	(1,095,494)
Net assets, beginning of year, as restated - Note 19	22,551,378	209,948	22,761,326
	21,364,697	301,135	21,665,832
Capital contributions - net	228,456	-	228,456
NET ASSETS, END OF YEAR	<u>\$ 21,593,153</u>	<u>\$ 301,135</u>	<u>\$ 21,894,288</u>

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

CONSOLIDATED STATEMENT OF CASH FLOWS
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC. AND SUBSIDIARIES
For the year ended December 31, 2010

<u>Increase (Decrease) in Cash</u>	
Cash flows from operating activities:	
Change in net assets	\$ (1,095,494)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	1,369,258
Changes in operating assets and liabilities:	
Grants receivable	75,266
Accounts receivable	25,178
Prepaid expenses	3,522
Accounts payable and accrued expenses	78,184
Deferred revenue	(324,838)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>131,076</u>
Cash flows from investing activities:	
Net deposits to reserve and escrow accounts	(33,636)
Purchase of property and equipment	(623,477)
NET CASH USED IN INVESTING ACTIVITIES	<u>(657,113)</u>
Cash flows from financing activities:	
Proceeds from long-term debt	500,000
Principal payments on long-term debt	(170,933)
Developer fee payments	(103,200)
Capital contributions	240,572
Equity distributions	(12,116)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>454,323</u>
	NET DECREASE IN CASH
	(71,714)
Cash, beginning of year	<u>749,117</u>
	CASH, END OF YEAR
	<u>\$ 677,403</u>
Supplemental Disclosures of Cash Flow Information:	
Cash paid during the year for interest	<u>\$ 314,722</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC. AND SUBSIDIARIES
December 31, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

The Community Action Partnership of North Alabama, Inc. (the Agency and Parent Organization) is a private non-profit organization that is controlled by a Board of Directors. Its purpose or purposes are to transact any and all lawful business for which non-profit corporations may be incorporated including the following:

1. To eliminate the paradox of poverty in the midst of plenty in North Alabama;
2. To help mobilize and utilize resources, both public and private, of North Alabama, in a concerted attack on poverty;
3. To stimulate and help provide services, assistance and other activities which give promise of progress toward the elimination of poverty or cause or causes of poverty through developing employment opportunities, improving human performance, motivation and productivity, or bettering the conditions under which people live, learn and work;
4. To stimulate a better focusing of all available local, state, private and federal resources upon the goal of enabling low-income families, and low-income individuals, of all ages, in rural and urban areas, to attain the skill, knowledge and motivations and secure the opportunities needed for them to become fully self-sufficient.

The Agency is funded by grants from Federal, State and Local Governments and from contributions by local businesses, organizations, and individuals.

B. REVENUE RECOGNITION

The Community Action Partnership of North Alabama, Inc. is primarily supported through federal, state and local government grants. The revenues from the grants are usually not recognized as income until the funds have been obligated and disbursed.

Rent income received by the limited liability entities is principally derived from tenants through rental payments provided under operating leases. Tenant leasing arrangements are generally one-year lease terms.

C. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of The Community Action Partnership of North Alabama, Inc. and its subsidiaries as described more fully in Note 2 to the financial statements. All material interorganization transactions have been eliminated in consolidation.

D. BASIS OF ACCOUNTING

All financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. A separate schedule of support, revenues, and expenses is maintained for each program operated within the agency.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC. AND SUBSIDIARIES
December 31, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. CLASSIFICATION OF NET ASSETS

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the agency and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations or where donor-imposed stipulations are met in the year of the contribution.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or may not be met, either by actions of the Agency and/or the passage of time. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Agency. Generally, the donors of these assets permit the Agency to use all or part of the income earned on any related investments for general or specific purposes. Currently, the Agency does not have any permanently restricted net assets.

F. USE OF ESTIMATES

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

G. CASH

For purposes of the statement of cash flows, the Agency considers amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Agency to be cash and cash equivalents.

H. ACCOUNTS RECEIVABLE

Accounts receivable represents amounts due from funding sources and others at the balance sheet date.

I. PROPERTY AND EQUIPMENT

Property and equipment are capitalized at cost or, if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset. The Organization capitalizes property and equipment with a value greater than or equal to \$5,000 and a useful life of greater than one year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC. AND SUBSIDIARIES
December 31, 2010

NOTE 6 – PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2010 is as follows:

	Parent	Subsidiaries				
	Community Action Partnership of North Alabama	CAPNA Limited Liability Entity Investments	Property Holdings, LLC	South Community Builders, Inc.	South Community Builders of South Carolina, Inc.	Consolidated
Land	\$ -	\$ 401,100	\$ 286,069	\$ 1,756,085	\$ 223,598	\$ 2,666,852
Land improvements	-	145,329	-	3,017,500	194,835	3,357,664
Buildings and improvements	1,459,246	7,037,225	645,117	21,132,671	4,588,382	34,862,641
Furniture and equipment	111,610	269,324	-	948,499	220,570	1,550,003
Transportation equipment	355,898	-	-	-	-	355,898
TOTAL PROPERTY AND EQUIPMENT	1,926,754	7,852,978	931,186	26,854,755	5,227,385	42,793,058
Less accumulated depreciation	463,611	2,464,469	73,898	4,922,626	1,615,891	9,540,495
PROPERTY AND EQUIPMENT - NET	\$ 1,463,143	\$ 5,388,509	\$ 857,288	\$ 21,932,129	\$ 3,611,494	\$ 33,252,563
Depreciation expense for each entity was charged to expenses as shown:	<u>\$ 148,495</u>	<u>\$ 200,549</u>	<u>\$ 12,269</u>	<u>\$ 844,076</u>	<u>\$ 143,861</u>	<u>\$ 1,349,250</u>

NOTE 7 – LONG-TERM DEBT

The Community Action Partnership of North Alabama, Inc. and Subsidiaries' long-term debt at December 31, 2010 is as follows:

Property Holdings, LLC:

Note payable - Regions Bank, bearing interest at 7.35% per annum, payable in annual installments of \$33,369 with final payment due January 19, 2012 of \$105,244.	\$ 120,865
Note payable - Regions Bank, bearing interest at 5.35%, due in one installment of \$19,500 and a final installment of \$58,675 on February 4, 2012.	78,175
Note payable - Regions Bank, loan dated April 30, 2010 bearing interest of 6.45%, payable monthly, the principal balance due is payable in full on November 1, 2014.	425,000
Note payable - Regions Bank, bearing interest at 5.75% payable monthly, principal balance due on May 1, 2013.	75,000
TOTAL PROPERTY HOLDINGS, LLC	<u>699,040</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC. AND SUBSIDIARIES
December 31, 2010

NOTE 7 – LONG-TERM DEBT - CONTINUED

CAPNA Limited Liability Entity Investments:

Deer Run Apartments, LTD:

The Partnership has a \$181,183 mortgage note, secured by the Project, payable in monthly installments of \$2,376 including interest at 9.50%, payable through 2020. Substantially all of the rental property and equipment is pledged as collateral on the mortgage.

181,183

The Partnership has a \$965,077 second mortgage note, secured by the Project, under the State of Alabama's HOME Investment Partnership program payable in full in 2020, including interest which accrues at the rate of 1/2 of 1 percent per year.

965,077

TOTAL DEER RUN APARTMENTS, LTD 1,146,260

Alexander Terrace Apartments, LTD:

The Partnership has a \$54,374 mortgage note, secured by the Project, payable in monthly installments of \$778 including interest at 8%, payable through 2018. Substantially all of the rental property and equipment is pledged as collateral on the mortgage.

54,374

The Partnership has a \$657,000 second mortgage note, secured by the Project, under the State of Alabama's HOME Investment Partnership program payable in full in 2018, including interest which accrues at the rate of 1/2 of 1 percent per year.

657,000

TOTAL ALEXANDER TERRACE APARTMENTS, LTD 711,374

Harbor Square Apartments, LTD:

The Partnership has a \$84,200 mortgage note, secured by the Project, payable in monthly installments of \$2,971 including interest at 8.5%, payable through 2017. Substantially all of the rental property and equipment is pledged as collateral on the mortgage.

84,200

The Partnership has a \$1,366,000 second mortgage note, secured by the Project, under the State of Alabama's HOME Investment Partnership program payable in full in 2017, including interest which accrues at the rate of 1/2 of 1 percent per year.

1,366,000

TOTAL HARBOR SQUARE APARTMENTS, LTD 1,450,200
TOTAL CAPNA LIMITED LIABILITY ENTITY INVESTMENTS 3,307,834

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC. AND SUBSIDIARIES
December 31, 2010

NOTE 7 – LONG-TERM DEBT-CONTINUED

Southern Community Builders, Inc.

Pine Creek Apartments, LTD:

The Partnership has a \$445,359 mortgage note, secured by the Project, payable in monthly installments of \$5,528 including interest at 8.5%, payable through 2020.

Substantially all of the rental property and equipment is pledged as collateral on the mortgage.

445,359

The Partnership has a \$640,600 second mortgage note, secured by the Project, under the State of Alabama's HOME Investment Partnership program payable in full in 2021, including interest which accrues at the rate of 1/2 of 1 percent per year.

640,600

TOTAL PINE CREEK APARTMENTS, LTD

1,085,959

Sophia's Landing Apartments, LTD:

The Partnership has a \$1,290,819 mortgage note, secured by the Project, payable in monthly installments of \$8,536 including interest at 6.75%, payable through 2024.

Substantially all of the rental property and equipment is pledged as collateral on the mortgage.

1,290,819

The Oaks Apartments, LTD:

The Partnership has a \$621,010 mortgage note, secured by the Project, payable in monthly installments of \$7,779 including interest at 8.5%, payable through 2020.

Substantially all of the rental property and equipment is pledged as collateral on the mortgage.

621,010

The Partnership has a \$533,100 second mortgage note, secured by the Project, under the State of Alabama's HOME Investment Partnership program payable in full in 2020, including interest which accrues at the rate of 1/2 of 1 percent per year.

533,100

TOTAL THE OAKS APARTMENTS, LTD

1,154,110

Alexander Terrace Apartments, II, LTD:

The Partnership has a \$211,321 mortgage note, secured by the Project, payable in monthly installments of \$2,081 including interest at 8.75%, payable through 2026.

Substantially all of the rental property and equipment is pledged as collateral on the mortgage.

211,321

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC. AND SUBSIDIARIES
December 31, 2010

NOTE 7 – LONG-TERM DEBT-CONTINUED

The Partnership has a \$1,033,140 second mortgage note, secured by the Project, under the State of Alabama's HOME Investment Partnership program payable in full in 2026, including interest which accrues at the rate of 1/2 of 1 percent per year.	1,033,140
TOTAL ALEXANDER TERRACE APARTMENTS, II, LTD	<u>1,244,461</u>
Bankhead Court Apartments, LTD:	
The Partnership has a \$137,395 mortgage note, secured by the Project, payable in monthly installments of \$1,604 including interest at 8.25%, payable through 2021. Substantially all of the rental property and equipment is pledged as collateral on the mortgage.	137,395
The Partnership has a \$953,570 second mortgage note, secured by the Project, under the State of Alabama's HOME Investment Partnership program payable in full in 2021, including interest which accrues at the rate of 1/2 of 1 percent per year.	953,570
TOTAL BANKHEAD COURT APARTMENTS, LTD	<u>1,090,965</u>
The Springs Apartments, LTD:	
The Partnership has a \$223,531 mortgage note, secured by the Project, payable in monthly installments of \$2,399 including interest at 8.25%, payable through 2023. Substantially all of the rental property and equipment is pledged as collateral on the mortgage.	223,531
The Partnership has a \$486,380 second mortgage note, secured by the Project, under the State of Alabama's HOME Investment Partnership program payable in full in 2023, including interest which accrues at the rate of 1/2 of 1 percent per year.	486,380
TOTAL THE SPRINGS APARTMENTS, LTD	<u>709,911</u>
Mountainside Apartments, LTD:	
The Partnership has a \$130,994 mortgage note, secured by the Project, payable in monthly installments of \$1,173 including interest at 8.25%, payable through 2025. Substantially all of the rental property and equipment is pledged as collateral on the mortgage.	130,994

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC. AND SUBSIDIARIES
December 31, 2010

NOTE 7 – LONG-TERM DEBT-CONTINUED

The Partnership has a \$1,618,650 second mortgage note, secured by the Project, under the State of Alabama's HOME Investment Partnership program payable in full in 2025, including interest which accrues at the rate of 1/2 of 1 percent per year.

1,618,650

The Partnership has a \$252,000 third mortgage note, secured by the Project, with the special limited partner payable in full in 2025, including interest which accrues at the rate of 1/2 of 1 percent per year.

252,000

TOTAL MOUNTAINSIDE APARTMENTS, LTD

2,001,644

TOTAL SOUTHERN COMMUNITY BUILDERS, INC.

8,577,869

Southern Community Builders of South Carolina, Inc.:

Hanover Ridge Apartments, LP:

During 2000, the Partnership obtained financing from the General Partner in the amount of \$500,000 in the form of a promissory note. The Note is payable in 360 equal monthly payments through June, 2030. The payments are due solely from cash from operations, cash from sale, or cash from refinancing as defined by the Partnership Agreement. The Note matures in June, 2030. As of December 31, 2010, the principal balance of the Note was \$500,000 and accrued interest was \$208,377. Interest expense for the year ended December 31, 2010 was \$31,450.

500,000

TOTAL LONG-TERM DEBT

13,084,743

Less current maturities on long-term debt

257,057

LONG-TERM DEBT - NET

\$ 12,827,686

Maturities of the long-term debt in each of the next five years and thereafter are as follows:

<u>For the year ending December 31,</u>	<u>Amount</u>
2011	\$ 257,057
2012	264,649
2013	257,248
2014	593,512
2015	183,289
2016 and thereafter	11,528,988
	<u>\$13,084,743</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC. AND SUBSIDIARIES
December 31, 2010

NOTE 8 – DEFERRED REVENUE

Deferred revenue consisted of the following at December 31, 2010:

Department of Health & Human Services - Head Start	\$ 103,590
Department of Energy - Weatherization	72,322
Alabama School Readiness Pre-K	12,855
Alabama Business Charitable Trust - Weatherization	21,614
Special Project	3,300
State General Fund	665
TOTAL DEFERRED REVENUE	<u>\$ 214,346</u>

NOTE 9 – DEFINED BENEFIT PENSION PLAN

Plan Description:

The Agency contributes to the Teachers' Retirement System of Alabama, a cost-sharing multiple employer public retirement system for the various state-supported educational agencies and institutions. The plan is administered by the Retirement Systems of Alabama.

Substantially all employees of the Agency are members of the Teachers' Retirement System. Membership is mandatory for covered or eligible employees of the Agency. Benefits vest after ten years of creditable service. Vested employees may retire with full benefits at age sixty or after twenty-five years of service. Retirement benefits are calculated by two methods with the retiree receiving payment under the method that yields the highest monthly benefit. The methods are: (1) Minimum Guaranteed, or (2) Formula, of which the Formula method usually produces the highest monthly benefit. Under this method retirees are allowed 2.0125% of their average final salary (best three of the last ten years) for each year of service. Disability retirement benefits are calculated in the same manner. Pre-retirement death benefits in the amount of the annual salary for the fiscal year preceding death are provided to plan members.

The Teachers' Retirement System was established October 1, 1941, under the provisions of Act Number 419, Acts of Alabama 1939, for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by state-supported educational institutions. The responsibility for general administration and operation of the Teachers' Retirement System is vested in the Board of Control (currently fourteen members). Benefit provisions are established by the Code of Alabama 1975, §§ 16-25-1 through 16-25-113, as amended, and §§ 36-27B-1 through 36-27B-6, as amended.

The Retirement Systems of Alabama issues a publicly available financial report that includes financial statements and required supplementary information for the Teachers' Retirement Systems of Alabama. That report may be obtained by writing to The Retirement Systems of Alabama, 135 South Union Street, Montgomery, Alabama 36130-2150.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC. AND SUBSIDIARIES
December 31, 2010

NOTE 9 – DEFINED BENEFIT PENSION PLAN-CONTINUED

Funding Policy:

Employees of the Agency are required to contribute five percent of their salary to the Teacher's Retirement System. The Agency is required to contribute the remaining amounts necessary to fund the actuarially determined contributions to ensure sufficient assets will be available to pay benefits when due. Each year the Teachers' Retirement System recommends to the Alabama Legislature the contribution rate for the following fiscal year, with the Legislature setting this rate in the annual appropriations bill. The percentages of the contributions and the amount of contributions made by the Agency and the Agency's employees equal the required contributions for year ended December 31, 2010 as follows:

Total percentage of covered payroll:	
1/1/10 to 9/30/10	17.07%
10/1/10 to 12/31/10	17.51%
Contributions:	
Percentage contributed by the Agency:	
For current year service:	
1/1/10 to 9/30/10	12.07%
10/1/10 to 12/31/10	12.51%
Percentage contributed by employees	5.00%
Amount contributed by the Agency	\$ 974,876
Amount contributed by employees	389,844
TOTAL CONTRIBUTIONS	<u>\$ 1,364,720</u>

NOTE 10 – NON CASH CONTRIBUTIONS

Non cash contributions consisted of the following for the year ended December 31, 2010:

Space costs	\$ 1,238,872
Salaries and benefits	2,146,738
Contract services	4,975
Food costs	12,728
Supplies	20,165
TOTAL NON CASH CONTRIBUTIONS	<u>\$ 3,423,478</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC. AND SUBSIDIARIES
December 31, 2010

NOTE 11 – OPERATING LEASES

The Agency occupies office space and other facilities under operating leases. Total expense for rental of office space and other facilities for the year ended December 31, 2010 was \$384,414. The terms of the operating leases in effect as of December 31, 2010, are as follows:

- A. Lease agreement for the Administration and Head Start facility for a period of fifteen years beginning December 1, 2003, and ending November 30, 2018. Monthly rental payments increase in five-year increments as follows: \$9,750 per month for the first five years, \$10,800 per month for the second five years, and \$11,850 per month for the last five years. The Agency has the option to purchase the building at the end of each five-year increment for appraised value.

Future annual payments for this lease are as follows:

<u>For the year ending December 31,</u>	<u>Amount</u>
2011	\$ 129,600
2012	129,600
2013	130,650
2014	142,200
2015	142,200
2016 and thereafter	414,750
TOTAL FUTURE COMMITMENT	<u>\$ 1,089,000</u>

- B. Lease agreements for office space and Head Start classrooms with monthly rentals of \$325 to \$6,000.

The Agency is also furnished certain facilities as non-cash in-kind contributions from various agencies. The value of these facilities for the year ended December 31, 2010, as reflected in the financial statements was approximately \$1,238,872.

The Agency also leases certain office equipment with lease terms ranging from 24 to 36 months. However, the leases are contingent upon the Agency receiving the necessary funding from Federal and State Governmental Agencies and there is no cancellation penalty should the leases be terminated due to lack of funding.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Grant Audits:

The Agency receives awards from federal, state, and local government entities that are subject to review and audit. Such audits could result in claims against the Agency for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC. AND SUBSIDIARIES
December 31, 2010

NOTE 13 – COMPENSATED ABSENCES – ACCRUED LEAVE

Certain programs of the Agency allow twelve-month employees up to five weeks of vacation pay per year with pay. The leave policy requires unused vacation leave to be transferred to sick leave at December 31st of each year. Sick leave is not paid upon termination. There is no accrual for accrued leave at December 31, 2010.

NOTE 14 – DEVELOPER FEES PAYABLE

Certain of the Limited Liability Entities have entered into agreements with the general partner (developer) to provide services related to the development of the Entity's project. The total fees under these agreements had not been paid as of December 31, 2010. The following Limited Liability Entities had developer fees payable at December 31, 2010:

Pine Creek Apartments, LTD	\$ 139,086
Sophia's Landing Apartments, LTD	64,496
The Oaks Apartments, LTD	129,316
Alexander Terrace Apartments, LTD	81,824
Bankhead Court Apartments, LTD	112,786
Hanover Ridge Apartments, LP	280,384
TOTAL DEVELOPER FEES PAYABLE	<u>\$ 807,892</u>

NOTE 15– RESTRICTED DEPOSITS AND RESERVES

Certain Limited Liability Entities that are included in the consolidated financial statements are required to maintain the following restricted deposits and funded reserves.

1. Security Deposits Held in Trust
2. Replacement Reserve – To be used for the replacement, improvement, or major repair of property and equipment.
3. Tax and Insurance Escrow – To be used for the payment of annual property taxes and property insurance premiums.
4. Operating Deficit Reserve – These funds may be withdrawn for operating expenses and debt service subject to conditions outlined in the loan agreements.

Withdrawals from the replacement reserves require AHFA approval. The balance in the Restricted Deposits and Reserves accounts at December 31, 2010 amounted to \$1,434,742.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC. AND SUBSIDIARIES
December 31, 2010

NOTE 16 – ACCUMULATED DEFICIT INVESTMENT IN PARTNERSHIPS

In addition to the investment in limited partnerships as outlined in Note 2 to the consolidated financial statements, The Community Action Partnership of North Alabama, Inc and its subsidiaries have the following deficit investment in other limited partnerships:

<u>Limited Liability Partnerships</u>	<u>Percentage Ownership</u>	<u>Balance 12/31/09</u>	<u>Share of Income (Loss) for 2010</u>	<u>Balance 12/31/10</u>
Community Action Partnership of North Alabama, Inc.:				
Saddle Ridge Apts, LTD	0.075%	\$ (11,325)	\$ 3	\$ (11,322)
Northgate Place Apts, LTD	0.005%	(74)	(12)	(86)
Park Hill Apts, LTD	0.500%	(6,766)	(169)	(6,935)
Ivy Pointe Apts, LTD	0.500%	(2,925)	(280)	(3,205)
Hickory Run Apts, LTD	0.500%	(3,905)	(142)	(4,047)
Holly Pond Apts, LTD	0.005%	(15)	(1)	(16)
Holly Pond Apts. II, LTD	0.005%	(5)	-	(5)
Reform Manor, LTD	1.000%	1,383	(429)	954
Millers Ridge Apts, LP	0.010%	-	(204)	(204)
Loris Gardens, LLC	0.005%	(45)	18	(27)
Wyndsor Downs, LLC	0.001%	(57)	50	(7)
Palmettos Way, LLC	0.001%	(9)	(1)	(10)
Mountainside Apts, LTD	0.001%	-	(7)	(7)
Azalea Gardens, LLC	0.001%	(6)	(1)	(7)
TOTAL COMMUNITY ACTION PARTNERSHIP OF NORTH ALABAMA, INC.		(23,749)	(1,175)	(24,924)
South Community Builders, Inc.:				
Parkway Place Apts, LTD	0.001%	(16)	(4)	(20)
Pecan Cove Apts, LTD	0.001%	(27)	(10)	(37)
Harbor Pointe Apts, LTD	0.001%	(16)	(5)	(21)
Greenwood Park, LTD	0.001%	(24)	(9)	(33)
Community Village I, LTD	0.001%	(35)	(12)	(47)
Sara's Ridge Apts, LTD	0.001%	(14)	(15)	(29)
Anne Place Apts, LTD	0.001%	-	(6)	(6)
TOTAL SOUTHERN COMMUNITY BUILDERS, INC.		(132)	(61)	(193)
TOTAL		<u>\$ (23,881)</u>	<u>\$ (1,236)</u>	<u>\$ (25,117)</u>

The investment in these limited partnerships is recorded using the equity method and costs adjusted for the Organizations proportionate share of undistributed earnings or losses. The Organization is liable for their proportionate share of any losses in each of the limited partnerships.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC. AND SUBSIDIARIES
December 31, 2010

NOTE 16 – ACCUMULATED DEFICIT INVESTMENT IN PARTNERSHIPS - CONTINUED

The fiscal year-end for all of the limited partnerships is December 31. The financial status and activities in the limited partnerships as of and for the year ended December 31, 2010, are as follows:

	Community Action Partnership of North Alabama	South Community Builders, Inc.	Total
Assets	\$ 31,302,467	\$ 53,009,261	\$ 84,311,728
Liabilities	18,846,779	25,755,607	44,602,386
Equity	<u>\$ 12,455,688</u>	<u>\$ 27,253,654</u>	<u>\$ 39,709,342</u>
Current year loss	<u>\$ (936,270)</u>	<u>\$ (479,229)</u>	<u>\$ (1,415,499)</u>

NOTE 17 – AUDITED FINANCIAL STATEMENTS OF OTHER AUDITORS

The consolidated financial statements of Southern Community Builders, Inc., with seven limited partnerships and CAPNA Limited Liability Entity Investments a division of The Community Action Partnership of North Alabama, Inc. with three limited partnerships were audited by other auditors whose reports have been furnished to the principle auditors. A summary of the total assets and total revenues as of and for the year ended December 31, 2010 is presented below:

	Total Assets	Total Revenues
Southern Community Builders, Inc.	\$ 23,182,190	\$ 1,334,218
CAPNA Limited Liability Investments	5,933,410	498,180
TOTALS	<u>\$ 29,115,600</u>	<u>\$ 1,832,398</u>

NOTE 18 – UNAUDITED FINANCIAL STATEMENTS

The financial statements of Southern Community Builders of South Carolina, Inc. owned entirely by the Community Action Partnership of North Alabama, Inc. with one limited partnership was not audited. A summary of the total assets and total revenues as of and for the year ended December 31, 2010 that were compiled by other accountants is presented below:

Total Assets	<u>\$ 3,688,400</u>
Total Revenues	<u>\$ 377,994</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC. AND SUBSIDIARIES
December 31, 2010

NOTE 19 – ADJUSTMENT TO NET ASSETS

The consolidated net assets have been adjusted to reflect the addition of the equity in eleven limited liability entities to the audited financial statements

		<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Consolidated net assets as of December 31, 2009 as originally presented		\$ 2,885,078	\$ 209,948	\$ 3,095,026
Adjustments to parent company's net assets due to adding limited liabilities entities:				
Balance of parent company as of December 31, 2009 as originally presented.	\$ 2,703,220			
Balance as corrected	<u>2,833,994</u>	130,774	-	130,774
Adjustments to Subsidiaries as of December 31, 2009:				
CAPNA Limited Liability Entity				
Investments:				
Beginning equity in three limited liability entities.		2,487,678	-	2,487,678
Southern Community Builders, Inc.:				
Balance as of December 31, 2009 as originally presented.	\$ 153,099			
Balance as adjusted for beginning equity in seven limited liability entities.	<u>14,412,398</u>	14,259,299	-	14,259,299
Southern Community Builders of South Carolina, Inc.				
Balance as of December 31, 2009 as originally presented.	\$ 228			
Balance as adjusted for beginning equity in one limited liability entity.	<u>2,788,777</u>	2,788,549	-	2,788,549
NET ASSETS AS OF DECEMBER 31, 2009 AS RESTATED		<u>\$ 22,551,378</u>	<u>\$ 209,948</u>	<u>\$22,761,326</u>

SUPPLEMENTARY INFORMATION

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
THE COMMUNITY ACTION PARTNERSHIP OF NORTH ALABAMA, INC. AND SUBSIDIARIES
December 31, 2010

	Parent		
	Community	CAPNA	North Alabama
	Action	Limited	Community
	Partnership of	Liability Entity	Partnership
	North Alabama,	Investments	Fund, LLC
	Inc.		
<u>ASSETS</u>			
CURRENT ASSETS			
Cash	\$ 447,263	\$ 55,339	\$ 99,490
Grants receivable	463,596	-	-
Other accounts receivable	34,928	4,728	568
Prepaid expenses	-	10,550	-
TOTAL CURRENT ASSETS	945,787	70,617	100,058
RESTRICTED ASSETS			
Restricted deposits and reserves	-	474,284	-
NONCURRENT ASSETS			
Accounts receivable - related parties	137,214	-	-
Notes receivable - related parties	1,081,752	-	-
Property and equipment - net	1,463,143	5,388,509	-
Other assets	-	-	-
TOTAL NONCURRENT ASSETS	2,682,109	5,388,509	-
TOTAL ASSETS	\$ 3,627,896	\$ 5,933,410	\$ 100,058
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES			
Accounts payable	\$ 8,237	\$ 12,150	\$ 2,642
Accrued interest	-	191,171	-
Other accrued expenses	278,293	32,522	-
Deferred revenue	214,346	-	-
Current portion of long-term debt	-	46,623	-
TOTAL CURRENT LIABILITIES	500,876	282,466	2,642
NONCURRENT LIABILITIES			
Accounts payable related parties	-	-	-
Tenant security deposits	-	32,237	-
Accumulated deficit investment in partnerships	24,924	-	-
Developer fees payable	-	-	-
Long-term debt - net	-	3,261,211	-
TOTAL NONCURRENT LIABILITIES	24,924	3,293,448	-
NET ASSETS			
Unrestricted	2,898,377	2,357,496	-
Temporarily restricted	203,719	-	97,416
TOTAL NET ASSETS	3,102,096	2,357,496	97,416
TOTAL LIABILITIES AND NET ASSETS	\$ 3,627,896	\$ 5,933,410	\$ 100,058

See independent auditor's report

Subsidiaries				
Property Holdings, LLC	Southern Community Builders, Inc.	Southern Community Builders of South Carolina, Inc.	Eliminations	Consolidated
\$ -	\$ 64,439	\$ 10,872	\$ -	\$ 677,403
-	-	-	-	463,596
-	6,888	4,310	-	51,422
-	12,710	9,442	-	32,702
-	84,037	24,624	-	1,225,123
-	935,530	24,928	-	1,434,742
-	-	-	(137,214)	-
-	-	-	-	1,081,752
857,288	21,932,129	3,611,494	-	33,252,563
-	230,494	27,354	-	257,848
857,288	22,162,623	3,638,848	(137,214)	34,592,163
<u>\$ 857,288</u>	<u>\$ 23,182,190</u>	<u>\$ 3,688,400</u>	<u>\$ (137,214)</u>	<u>\$ 37,252,028</u>
\$ -	\$ 29,213	\$ 41,877	\$ -	\$ 94,119
-	202,731	208,377	-	602,279
14,708	64,270	536	-	390,329
-	-	-	-	214,346
102,660	107,774	-	-	257,057
117,368	403,988	250,790	-	1,558,130
137,214	-	-	(137,214)	-
-	81,750	24,928	-	138,915
-	193	-	-	25,117
-	527,508	280,384	-	807,892
596,380	8,470,095	500,000	-	12,827,686
733,594	9,079,546	805,312	(137,214)	13,799,610
6,326	13,698,656	2,632,298	-	21,593,153
-	-	-	-	301,135
6,326	13,698,656	2,632,298	-	21,894,288
<u>\$ 857,288</u>	<u>\$ 23,182,190</u>	<u>\$ 3,688,400</u>	<u>\$ (137,214)</u>	<u>\$ 37,252,028</u>

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
THE COMMUNITY ACTION PARTNERSHIP OF NORTH ALABAMA, INC. AND SUBSIDIARIES
For the year ended December 31, 2010

	Parent		
	Community Action Partnership of North Alabama, Inc.	CAPNA Limited Liability Entity Investments	North Alabama Community Partnership Fund, LLC
REVENUES, GAINS, AND OTHER SUPPORT			
State of Alabama	\$ 7,825,414	\$ -	\$ -
Dept. of Health & Human Services	14,160,678	-	-
Corporation for National and Community Service	641,891	-	-
NeighborWorks America	10,000	-	-
Local United Way	39,274	-	-
Department of HUD	204,688	-	-
United Way of America	47,586	-	-
Other support	331,240	-	-
Rent income	-	485,265	-
Other revenue	847,809	12,915	100,058
Non-cash contributions	3,423,478	-	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	27,532,058	498,180	100,058
EXPENSES			
Personnel costs:			
Salaries	9,589,319	-	-
Stipends	383,136	-	-
Benefits and payroll taxes	5,313,194	-	-
Contract services	1,279,019	-	-
TOTAL PERSONNEL COSTS	16,564,668	-	-
Travel and transportation costs	481,899	-	-
Space costs	2,790,542	-	-
Consumable supplies	1,601,208	-	-
Direct assistance	2,619,637	-	-
Other costs	3,267,455	-	2,642
Interest expense	-	46,634	-
Rental property expenses	-	376,555	-
Depreciation expense	148,495	200,549	-
TOTAL EXPENSES	27,473,904	623,738	2,642
CHANGE IN NET ASSETS	58,154	(125,558)	97,416
Net assets, beginning of year, as restated - Note 19	3,043,942	2,487,678	-
	3,102,096	2,362,120	97,416
Capital contributions (distributions)	-	(4,624)	-
NET ASSETS, END OF YEAR	\$ 3,102,096	\$ 2,357,496	\$ 97,416

See independent auditor's report

Subsidiaries				
Property Holdings, LLC	Southern Community Builders, Inc.	Southern Community Builders of South Carolina, Inc.	Eliminations	Consolidated
\$ -	\$ -	\$ -	\$ -	\$ 7,825,414
-	-	-	-	14,160,678
-	-	-	-	641,891
-	-	-	-	10,000
-	-	-	-	39,274
-	-	-	-	204,688
-	-	-	-	47,586
-	-	-	-	331,240
34,244	1,289,841	307,772	(33,369)	2,083,753
-	44,377	70,222	-	1,075,381
-	-	-	-	3,423,478
34,244	1,334,218	377,994	(33,369)	29,843,383
-	-	-	-	9,589,319
-	-	-	-	383,136
-	-	-	-	5,313,194
-	-	-	-	1,279,019
-	-	-	-	16,564,668
-	-	-	-	481,899
-	-	-	(33,369)	2,757,173
-	-	-	-	1,601,208
-	-	-	-	2,619,637
7,707	-	-	-	3,277,804
36,473	272,110	31,450	-	386,667
-	924,282	599,734	-	1,900,571
12,269	844,076	143,861	-	1,349,250
56,449	2,040,468	775,045	(33,369)	30,938,877
(22,205)	(706,250)	(397,051)	-	(1,095,494)
28,531	14,412,398	2,788,777	-	22,761,326
6,326	13,706,148	2,391,726	-	21,665,832
-	(7,492)	240,572	-	228,456
\$ 6,326	\$ 13,698,656	\$ 2,632,298	\$ -	\$ 21,894,288

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
CAPNA LIMITED LIABILITY ENTITY INVESTMENTS
December 31, 2010

<u>ASSETS</u>	Deer Run Apartments, LTD	Alexander Terrace Apartments, LTD	Harbor Square Apartments, LTD	Total
CURRENT ASSETS				
Cash	\$ 27,726	\$ 3,921	\$ 23,692	\$ 55,339
Accounts receivable	4,347	-	381	4,728
Prepaid expenses	5,793	3,160	1,597	10,550
TOTAL CURRENT ASSETS	37,866	7,081	25,670	70,617
RESTRICTED DEPOSITS AND RESERVES				
Security deposits held in trust	11,592	5,760	14,885	32,237
Replacement reserves	100,469	55,371	114,039	269,879
Tax and insurance escrow	9,558	5,250	28,211	43,019
Operating deficit reserve	52,832	25,703	50,614	129,149
TOTAL RESTRICTED DEPOSITS AND RESERVES	174,451	92,084	207,749	474,284
PROPERTY AND EQUIPMENT				
Land	156,100	45,000	200,000	401,100
Land improvements	-	143,214	2,115	145,329
Buildings	2,704,397	1,380,076	2,952,752	7,037,225
Furniture and equipment	138,826	73,383	57,115	269,324
TOTAL PROPERTY AND EQUIPMENT	2,999,323	1,641,673	3,211,982	7,852,978
Less accumulated depreciation	859,741	573,785	1,030,943	2,464,469
PROPERTY AND EQUIPMENT - NET	2,139,582	1,067,888	2,181,039	5,388,509
TOTAL ASSETS	\$ 2,351,899	\$ 1,167,053	\$ 2,414,458	\$ 5,933,410
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 679	\$ 5,830	\$ 5,641	\$ 12,150
Accrued interest	53,941	41,021	96,209	191,171
Other accrued expenses	19,940	4,982	7,600	32,522
Current portion of long-term debt	11,813	5,171	29,639	46,623
TOTAL CURRENT LIABILITIES	86,373	57,004	139,089	282,466
NONCURRENT LIABILITIES				
Tenant securing deposits	11,592	5,760	14,885	32,237
Long-term debt - net	1,134,447	706,203	1,420,561	3,261,211
TOTAL NONCURRENT LIABILITIES	1,146,039	711,963	1,435,446	3,293,448
PARTNER'S EQUITY	1,119,487	398,086	839,923	2,357,496
TOTAL LIABILITIES AND NET ASSETS	\$ 2,351,899	\$ 1,167,053	\$ 2,414,458	\$ 5,933,410

See independent auditor's report

CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS
CAPNA LIMITED LIABILITY ENTITY INVESTMENTS
For the year ended December 31, 2010

	Deer Run Apartments, LTD	Alexander Terrace Apartments, LTD	Harbor Square Apartments, LTD	Total
REVENUE				
Rent	\$ 189,434	\$ 88,849	\$ 206,982	\$ 485,265
Tenant Charges	6,270	1,390	1,437	9,097
Interest income	2,111	586	825	3,522
Other	166	50	80	296
TOTAL REVENUES	197,981	90,875	209,324	498,180
EXPENSES				
Administrative	43,902	29,264	54,709	127,875
Utilities	14,341	3,717	9,624	27,682
Operating and maintenance	49,387	26,819	49,670	125,876
Taxes and insurance	25,035	16,630	26,718	68,383
Interest	23,022	8,071	15,541	46,634
Management fees	22,798	1,686	2,255	26,739
Depreciation	73,832	44,862	81,855	200,549
TOTAL EXPENSES	252,317	131,049	240,372	623,738
NET INCOME (LOSS)	(54,336)	(40,174)	(31,048)	(125,558)
Net assets, beginning of year	1,177,247	438,860	871,571	2,487,678
	1,122,911	398,686	840,523	2,362,120
Distributions	3,424	600	600	4,624
NET ASSETS, END OF YEAR	\$ 1,119,487	\$ 398,086	\$ 839,923	\$ 2,357,496

See independent auditor's report

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
SOUTHERN COMMUNITY BUILDERS, INC.
December 31, 2010

	Pine Creek Apartments, LTD	Sophia's Landing Apartments, LTD	The Oaks Apartments, LTD
<u>ASSETS</u>			
CURRENT ASSETS			
Cash	\$ 7,290	\$ 25,110	\$ 1,041
Accounts receivable	1,692	4,778	-
Prepaid expenses	-	-	1,756
TOTAL CURRENT ASSETS	8,982	29,888	2,797
RESTRICTED DEPOSITS AND RESERVES			
Security deposits held in trust	11,900	23,900	9,600
Replacement reserves	80,575	37,591	65,235
Tax and insurance escrow	15,140	17,742	8,454
Operating deficit reserve	-	140,021	-
TOTAL RESTRICTED DEPOSITS AND RESERVES	107,615	219,254	83,289
PROPERTY AND EQUIPMENT			
Land	279,770	732,893	255,000
Land improvements	112,973	1,574,314	156,243
Buildings	2,432,274	5,348,184	3,000,093
Furniture and equipment	64,069	302,342	91,879
TOTAL PROPERTY AND EQUIPMENT	2,889,086	7,957,733	3,503,215
Less accumulated depreciation	744,004	670,400	940,363
PROPERTY AND EQUIPMENT - NET	2,145,082	7,287,333	2,562,852
OTHER ASSETS - NET	-	140,874	-
TOTAL ASSETS	\$ 2,261,679	\$ 7,677,349	\$ 2,648,938
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES			
Accounts payable	\$ 2,105	\$ 4,899	\$ 1,998
Accrued interest	32,701	4,919	27,449
Other accrued expenses	8,836	10,878	16,185
Current portion of long-term debt	26,640	15,779	37,951
TOTAL CURRENT LIABILITIES	70,282	36,475	83,583
NONCURRENT LIABILITIES			
Tenant securing deposits	11,900	23,900	9,600
Accumulated deficit investment in partnership	-	-	-
Developer fee payable	139,086	64,496	129,316
Long-term debt - net	1,059,319	1,275,040	1,116,159
TOTAL NONCURRENT LIABILITIES	1,210,305	1,363,436	1,255,075
PARTNER'S NET ASSETS	981,092	6,277,438	1,310,280
TOTAL LIABILITIES AND NET ASSETS	\$ 2,261,679	\$ 7,677,349	\$ 2,648,938

See independent auditor's report

Alexander Terrace Apartments, II, LTD	Bankhead Court Apartments, LTD	The Springs Apartments, LTD	Mountainside Apartments, LTD	South Community Builders, Inc.	Total
\$ 11,882	\$ 2,287	\$ 2,499	\$ 14,330	\$ -	\$ 64,439
20	-	-	398	-	6,888
4,249	-	3,160	3,545	-	12,710
<u>16,151</u>	<u>2,287</u>	<u>5,659</u>	<u>18,273</u>	<u>-</u>	<u>84,037</u>
8,400	6,800	7,400	13,750	-	81,750
45,895	40,991	37,015	75,744	-	383,046
12,567	4,752	9,533	18,091	-	86,279
63,197	48,686	33,063	99,488	-	384,455
<u>130,059</u>	<u>101,229</u>	<u>87,011</u>	<u>207,073</u>	<u>-</u>	<u>935,530</u>
109,540	164,000	60,000	154,882	-	1,756,085
475,719	229,592	130,190	338,469	-	3,017,500
2,223,289	2,518,290	1,535,307	4,075,234	-	21,132,671
138,045	121,815	74,656	155,693	-	948,499
<u>2,946,593</u>	<u>3,033,697</u>	<u>1,800,153</u>	<u>4,724,278</u>	<u>-</u>	<u>26,854,755</u>
535,064	850,847	411,325	770,623	-	4,922,626
<u>2,411,529</u>	<u>2,182,850</u>	<u>1,388,828</u>	<u>3,953,655</u>	<u>-</u>	<u>21,932,129</u>
40,131	-	5,955	43,534	-	230,494
<u>\$ 2,597,870</u>	<u>\$ 2,286,366</u>	<u>\$ 1,487,453</u>	<u>\$ 4,222,535</u>	<u>\$ -</u>	<u>\$ 23,182,190</u>
\$ 1,494	\$ 9,920	\$ 404	\$ 8,393	\$ -	\$ 29,213
23,635	44,665	18,543	50,819	-	202,731
5,049	8,962	3,657	10,703	-	64,270
6,488	8,058	9,615	3,243	-	107,774
<u>36,666</u>	<u>71,605</u>	<u>32,219</u>	<u>73,158</u>	<u>-</u>	<u>403,988</u>
8,400	6,800	7,400	13,750	-	81,750
-	-	-	-	193	193
81,824	112,786	-	-	-	527,508
<u>1,237,973</u>	<u>1,082,907</u>	<u>700,296</u>	<u>1,998,401</u>	<u>-</u>	<u>8,470,095</u>
1,328,197	1,202,493	707,696	2,012,151	193	9,079,546
1,233,007	1,012,268	747,538	2,137,226	(193)	13,698,656
<u>\$ 2,597,870</u>	<u>\$ 2,286,366</u>	<u>\$ 1,487,453</u>	<u>\$ 4,222,535</u>	<u>\$ -</u>	<u>\$ 23,182,190</u>

CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS
SOUTHERN COMMUNITY BUILDERS, INC.
For the year ended December 31, 2010

	Pine Creek Apartments, LTD	Sophia's Landing Apartments, LTD	The Oaks Apartments, LTD
REVENUE			
Rent	\$ 206,077	\$ 333,840	\$ 206,643
Tenant Charges	1,535	12,937	5,141
Interest income	469	833	365
Other	5,240	1,339	133
TOTAL REVENUES	213,321	348,949	212,282
EXPENSES			
Administrative	49,039	64,270	40,818
Utilities	10,469	10,595	9,832
Operating and maintenance	62,483	58,490	34,896
Taxes and insurance	27,859	62,625	29,211
Interest	43,121	87,619	58,067
Management fees	-	-	-
Depreciation	71,953	298,098	90,986
Amortization	-	10,890	-
TOTAL EXPENSES	264,924	592,587	263,810
NET INCOME (LOSS)	(51,603)	(243,638)	(51,528)
Net assets, beginning of year	1,035,153	6,522,743	1,361,808
	983,550	6,279,105	1,310,280
Distributions	2,458	1,667	-
NET ASSETS, END OF YEAR	\$ 981,092	\$ 6,277,438	\$ 1,310,280

See independent auditor's report

Alexander Terrace Apartments, II, LTD	Bankhead Court Apartments, LTD	The Springs Apartments, LTD	Mountainside Apartments, LTD	Southern Community Builders, Inc.	Total
\$ 117,789	\$ 117,906	\$ 102,643	\$ 204,943	\$ -	\$ 1,289,841
2,780	4,005	662	7,929	-	34,989
591	49	46	215	-	2,568
44	75	-	50	(61)	6,820
121,204	122,035	103,351	213,137	(61)	1,334,218
25,616	32,177	26,764	48,760	-	287,444
5,320	7,165	4,959	32,807	-	81,147
31,647	40,881	21,768	45,046	-	295,211
21,347	24,493	16,734	43,427	-	225,696
24,257	16,764	21,642	20,640	-	272,110
-	-	-	16,209	-	16,209
114,927	80,868	52,654	134,590	-	844,076
3,069	-	477	4,139	-	18,575
226,183	202,348	144,998	345,618	-	2,040,468
(104,979)	(80,313)	(41,647)	(132,481)	(61)	(706,250)
1,338,986	1,092,581	789,185	2,272,074	(132)	14,412,398
1,234,007	1,012,268	747,538	2,139,593	(193)	13,706,148
1,000	-	-	2,367	-	7,492
\$ 1,233,007	\$ 1,012,268	\$ 747,538	\$ 2,137,226	\$ (193)	\$ 13,698,656

COMBINING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS
THE COMMUNITY ACTION PARTNERSHIP OF NORTH ALABAMA
(Parent Organization Only)
For the year ended December 31, 2010

	ADECA Funded Programs	Senior Service Programs	Emergency Food & Shelter	Head Start	NeighborWorks
REVENUES, GAINS, AND OTHER SUPPORT					
State of Alabama	\$ 6,291,062	\$ 5,500	\$ -	\$ 1,168,462	\$ -
Dept. of Health & Human Services	-	-	-	14,160,678	-
Corp. for National and Community Services	-	641,891	-	-	-
NeighborWorks America	-	-	-	-	10,000
Local United Way	-	38,995	-	-	-
Department of HUD	-	-	-	-	-
United Way of America	-	-	47,586	-	-
Other support	-	58,337	-	-	-
Non-cash contributions	-	17,828	-	3,405,650	-
Interest income	-	-	-	-	-
Other revenues	-	500	-	13,575	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	6,291,062	763,051	47,586	18,748,365	10,000
EXPENSES					
Personnel costs:					
Salaries	626,951	109,590	-	7,634,652	5,937
Stipends	-	383,136	-	-	-
Benefits and payroll taxes	310,543	55,861	-	4,422,037	1,295
Contract services	1,023,550	5,663	-	139,089	-
TOTAL PERSONNEL COSTS	1,961,044	554,250	-	12,195,778	7,232
Travel and transportation costs	32,485	87,989	-	293,511	1,200
Space costs	78,785	12,356	-	2,597,908	1,493
Consumable supplies	1,024,168	2,705	776	476,835	-
Direct assistance	2,530,644	-	46,810	-	-
Other costs	274,905	64,292	-	2,385,721	75
Net transfers	60,961	-	-	-	-
Indirect costs	324,182	15,389	-	795,176	-
TOTAL EXPENSES	6,287,174	736,981	47,586	18,744,929	10,000
CHANGE IN NET ASSETS	3,888	26,071	-	3,436	-
Net assets (deficit), beginning of year	-	18,406	(280)	-	-
NET ASSETS (DEFICIT), END OF YEAR	\$ 3,888	\$ 44,477	\$ (280)	\$ 3,436	\$ -

See independent auditor's report.

Alabama School Readiness	Meals On Wheels	HUD Housing Counseling	Other Restricted Non-Federal Programs	Unrestricted Non-Federal Programs	Indirect Cost Program	TOTAL
\$ 303,604	\$ -	\$ -	\$ 56,786	\$ -	\$ -	\$ 7,825,414
-	-	-	-	-	-	14,160,678
-	-	-	-	-	-	641,891
-	-	-	-	-	-	10,000
-	121,945	-	43,748	-	-	204,688
-	-	39,274	-	-	-	39,274
-	-	-	-	-	-	47,586
-	164,064	-	108,839	-	-	331,240
-	-	-	-	-	-	3,423,478
-	10	-	-	7,009	-	7,019
-	66,972	-	40,309	719,434	-	840,790
303,604	352,991	39,274	249,682	726,443	-	27,532,058
202,196	78,161	49,837	41,450	230,479	610,066	9,589,319
-	-	-	-	-	-	383,136
79,988	60,392	20,771	18,297	114,080	229,930	5,313,194
-	3,064	12,422	20,437	22,906	51,888	1,279,019
282,184	141,617	83,030	80,184	367,465	891,884	16,564,668
4,435	97	835	24,655	8,736	27,956	481,899
-	13,706	3,744	4,775	32,922	44,853	2,790,542
14,821	10,706	529	29,465	15,063	26,140	1,601,208
-	-	-	42,183	-	-	2,619,637
2,164	120,351	4,118	30,440	258,202	158,577	3,298,845
-	-	(59,967)	4,506	-	-	5,500
-	10,957	6,985	5,692	918	(1,149,410)	9,889
303,604	297,434	39,274	221,900	683,306	-	27,372,188
-	55,557	-	27,782	43,137	-	159,870
-	143,751	3,541	44,530	355,465	-	565,413
\$ -	\$ 199,308	\$ 3,541	\$ 72,312	\$ 398,602	\$ -	\$ 725,283

RECONCILIATION OF COMBINING SCHEDULE OF ACTIVITIES AND CHANGE IN NET
ASSETS PARENT TO THE STATEMENT OF ACTIVITIES AND CHANGE
IN NET ASSETS-PARENT
THE COMMUNITY ACTION PARTNERSHIP OF NORTH ALABAMA, INC.
For the year ended December 31, 2010

For the year ended December 31, 2010			
	Combining Schedule of Activities and Change in Net Assets - Parent	Increase (Decrease)	Statement of Activities and Change in Net Assets - Parent
REVENUES, GAINS, AND OTHER SUPPORT			
State of Alabama	\$ 7,825,414	\$ -	\$ 7,825,414
Dept. of Health & Human Services	14,160,678	-	14,160,678
Corp. for National & Comm. Services	641,891	-	641,891
NeighborWorks America	10,000	-	10,000
Local United Way	204,688	-	204,688
Department of HUD	39,274	-	39,274
United Way of America	47,586	-	47,586
Other support	331,240	-	331,240
Non-cash contributions	3,423,478	-	3,423,478
Interest income	7,019	-	7,019
Other revenues	840,790	-	840,790
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	27,532,058	-	27,532,058
EXPENSES			
Personnel costs:			
Salaries	9,589,319	-	9,589,319
Stipends	383,136	-	383,136
Benefits and payroll taxes	5,313,194	-	5,313,194
Contract services	1,279,019	-	1,279,019
TOTAL PERSONNEL COSTS	16,564,668	-	16,564,668
Transportation costs	481,899	-	481,899
Space costs	2,790,542	-	2,790,542
Consumable supplies	1,601,208	-	1,601,208
Direct assistance	2,619,637	-	2,619,637
Other costs	3,314,234	(46,779) (1)	3,267,455
Depreciation expense	-	148,495 (1)	148,495
TOTAL EXPENSES	27,372,188	101,716	27,473,904
CHANGE IN NET ASSETS	\$ 159,870	\$ (101,716)	\$ 58,154

Note 1 – The combining schedule of activities and change in net assets - parent includes capital additions as expenditures. However, in the statement of activities and change in net assets - parent, the net cost of those assets is allocated over their estimated useful lives as depreciation expense.

See independent auditor's report.

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

IRVIN R. STRICKLAND, CPA
C. KENT QUINN, CPA/PC
ANTHONY T. LAW, CPA/PC
JOSEPH V. WYNN, CPA/PC
LYNN H. REEVES, CPA/PC

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Certified Public Accountants & Financial Advisors

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- ALABAMA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards
(Parent Organization Only)

Board of Directors
The Community Action Partnership of North Alabama, Inc.
Decatur, Alabama

We have audited the consolidated financial statements of The Community Action Partnership of North Alabama, Inc. (a non-profit organization) and subsidiaries as of and for the year ended December 31, 2010, and have issued our report thereon dated June 16, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered The Community Action Partnership of North Alabama, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Community Action Partnership of North Alabama, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Board of Directors
The Community Action Partnership of North Alabama, Inc.
Decatur, Alabama
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Community Action Partnership of North Alabama, 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 *Governmental Auditing Standards*.

This report is intended solely for the information and use of the board of directors, management, and federal and state awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS

June 16, 2011

FEDERAL AWARDS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

IRVIN R. STRICKLAND, CPA
C. KENT QUINN, CPA PC
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Independent Auditor's Report on Compliance with Requirements
That Could have a Direct and Material Effect on Each Major Program and on
Internal Control Over Compliance in Accordance with OMB Circular A-133
(Parent Organization Only)

Board of Directors
The Community Action Partnership of North Alabama, Inc.
Decatur, Alabama

Compliance

We have audited the compliance of The Community Action Partnership of North Alabama, Inc. (a non-profit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of The Community Action Partnership of North Alabama, Inc.'s major federal programs for the year ended December 31, 2010. The Community Action Partnership of North Alabama, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of The Community Action Partnership of North Alabama, Inc.'s management. Our responsibility is to express an opinion on The Community Action Partnership of North Alabama, Inc.'s compliance based on our audit.

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 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Community Action Partnership of North Alabama, 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. Our audit does not provide a legal determination of The Community Action Partnership of North Alabama, Inc.'s compliance with those requirements.

In our opinion, The Community Action Partnership of North Alabama, Inc. complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

Management of The Community Action Partnership of North Alabama, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered The Community Action Partnership of North Alabama, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 The Community Action Partnership of North Alabama, 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.

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

The Community Action Partnership of North Alabama, Inc.'s response to the status of the prior year finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit The Community Action Partnership of North Alabama, Inc.'s response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the board of directors, management, and federal and state awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS

June 16, 2011

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC.
For the year ended December 31, 2010

	Federal CFDA Number	Grant No. or Pass-Through Grantor's Number	Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct programs :			
Head Start Program	93.600	04CH3145/43	\$ 5,759,504
Head Start Program	93.600	04CH3145/44	6,038,727
Head Start Program - ARRA	93.708	04SE3145/01	572,137
Head Start Program - ARRA	93.708	04SH3145/01	613,042
Head Start Program - ARRA	93.708	04SH3145/02	95,090
Early Head Start Program - ARRA	93.709	04SA3145/01	897,300
Early Head Start Program - ARRA	93.709	04SA3145/02	184,878
Total Head Start Program			<u>14,160,678</u>
Passed through the Alabama Department of Economic and Community Affairs:			
Low Income Home Energy Assistance	93.568	LI-021-10	2,519,564
Low Income Home Energy Assistance	93.568	LI-021-11	90,184
Low-Income Weatherization Assistance	93.568	LIWAP-021-09	61,683
Community Services Block Grant	93.569	CS-021-10	412,364
Community Services Block Grant	93.569	CS-021-11	171,638
Community Services Block Grant - ARRA	93.710	CS-021-ARRA	709,084
Community Services Block Grant - IS Training	93.569	CS/TA-09-001	745
			<u>3,965,262</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			18,125,940
DEPARTMENT OF ENERGY			
Passed through the Alabama Department of Economic and Community Affairs :			
Weatherization Assistance for Low-Income Persons	81.042	DOE-021-09	166,145
Weatherization Assistance for Low-Income Persons	81.042	DOE-021-10	6,314
Weatherization Assistance for Low-Income Persons	81.042	ARRADOE-021-09	<u>2,153,341</u>
TOTAL DEPARTMENT OF ENERGY			2,325,800
DEPARTMENT OF AGRICULTURE			
Passed Through the State Department of Education :			
Child Care Food Program - Head Start	10.558	690-H11	882,097
Child Care Food Program - Head Start	10.558	690-H11	<u>286,365</u>
TOTAL DEPARTMENT OF AGRICULTURE			1,168,462

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC.
For the year ended December 31, 2010

	Federal CFDA Number	Grant No. or Pass-Through Grantor's Number	Federal Expenditures
THE CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Foster Grandparent Program	94.011	04SFSAL004	316,684
Senior Companion Program	94.016	04SCSAL001	325,208
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			641,892
FEDERAL EMERGENCY MANAGEMENT AGENCY			
Passed Through United Way of America :			
Emergency Food & Shelter - Cullman County	97.024	20-0072-00	16,000
Emergency Food & Shelter - Morgan County	97.024	27-0142-00	23,000
Emergency Food & Shelter - Lawrence County	97.114	AR-0112-00	8,586
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY			47,586
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Comprehensive Housing Counseling Grant	14.169	HC09-0421-004	17,855
Comprehensive Housing Counseling Grant	14.169	HC10-0421-002	21,419
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			39,274
DEPARTMENT OF TREASURY			
NeighborWorks America	21.000	N/A	10,000
TOTAL DEPARTMENT OF TREASURY			10,000
TOTAL FEDERAL AWARDS			\$ 22,358,954

The notes to the Schedule of Federal Awards is an integral part of this Schedule.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC.
For the year ended December 31, 2010

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Agency (the Parent organization only) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts reported in this schedule may differ from amounts presented in, or used in the preparation of, the requests for reimbursement. These differences are temporary in nature and are resolved at the conclusion and final request for reimbursement of each program year.

NOTE 2 – NONCASH ASSISTANCE, INSURANCE, AND LOANS

The Agency (the Parent organization only) did not receive any noncash awards during the year. The Agency also did not have any insurance guarantees, or loans, or loan guarantees outstanding at the end of the year.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC.
For the year ended December 31, 2010

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued: Qualified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Reportable condition(s) identified that are
not considered to be material weaknesses? _____ 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

Reportable condition(s) identified that are
not considered to be material weakness(es)? _____ yes X no

Type of report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with OMB Circular A-133,
section .510(a)? _____ yes X no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

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

\$ 670,769

93.600	Head Start Program
93.708	Head Start Program - ARRA
93.709	Early Head Start Program - ARRA
93.569	Community Service Block Grant
93.710	Community Service Block Grant - ARRA
10.558	USDA
81.042	Weatherization Assistance
81.042	Weatherization Assistance - ARRA
97.114	Emergency Food and Shelter - ARRA

Does auditee qualify as low-risk auditee? _____ yes X no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS -CONTINUED
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC.
For the year ended December 31, 2009

Section II - Financial Statement Findings

None Reported

Section III - Federal Award Findings and Questioned Costs

None Reported

Status of Prior Year Findings:

Summary Schedule of Prior Audit Findings:

Finding Number 2009-1:

The Corporation for National and Community Service:

<u>Name of Program</u>	<u>CFDA No.</u>	<u>Grant No.</u>	<u>Grant Period</u>
Foster Grandparent Program	94.011	04SFSAL004	January 1, 2009 to December 31, 2009
Senior Companion Program	94.016	04SCSAL001	January 1, 2009 to December 31, 2009

Criteria

Management is responsible for establishing and maintaining proper internal controls including monitoring ongoing activities and implementing controls to insure that all participants meet the eligibility requirements of the programs.

Condition

The Community Action Partnership of North Alabama, Inc. had an ineffective control environment related to the determination of eligibility of the participants in the above listed Federal Award Programs. There was insufficient review of the applications used to determine the participants' eligibility to receive stipends from these programs.

Effect

As a result of not maintaining an adequate review over the application process it became possible for noneligible participants to receive stipends from these programs.

Questioned Costs

\$41,150

Status of Finding Number 2009-1:

Management is working with the funding source to resolve this finding.

See Management's Status Report on Prior Year Finding Number 2009-1 on the following page.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS -CONTINUED
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC.
For the year ended December 31, 2010

Management Status Report on Prior Year Findings – Number 2009-1

The Community Action Partnership of North Alabama immediately put into action all planned activities as reported in the Management Response letter in our 2009 audit report. A summary of actions are as follows:

- The Corporation for National Service came on site and did a thorough review of all program files and assisted in determining the exact amount of funds to be classified as ineligible costs. After several weeks of communicating with the funding source, we determined the actual amount to be paid back with non-federal funds is \$9,786.39, of which the funding source has agreed. As of this date, the funding source has failed to notify us of exactly how we are to reimburse these funds.
- The Fiscal Department is reviewing each new file for completeness and eligibility as a new volunteer is entered into the Accounts Payable system.
- Periodically, the Resource Specialist – Accountant reviews a sampling of volunteer files for accuracy in annual income verification, as well as documents with expiration dates.

The management of the Partnership is confident we are meeting all requirements for eligibility verification in both the Foster Grandparent Program and the Senior Companion Program.