

CONSOLIDATED FINANCIAL STATEMENTS  
With Supplementary Information  
THE COMMUNITY ACTION PARTNERSHIP  
OF NORTH ALABAMA, INC. AND SUBSIDIARIES  
DECATUR, ALABAMA  
For the year ended December 31, 2012

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## FINANCIAL SECTION

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CERTIFIED PUBLIC ACCOUNTANTS  
- ALABAMA SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's Report**

**Board of Directors**

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

We have audited the accompanying consolidated financial statements of The Community Action Partnership of North Alabama, Inc. (a non-profit organization) and subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2012, and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the consolidated financial statements of the subsidiaries as outlined in Note 18 to the consolidated financial statements, which statements reflect total assets of \$28,151,567 as of December 31, 2012 and total revenues of \$3,316,659 for the year ended December 31, 2012. 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

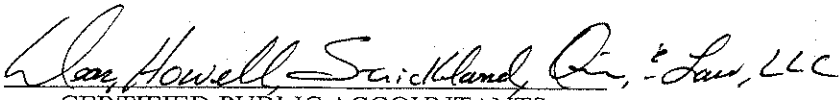
In our opinion, based on our audit and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Community Action Partnership of North Alabama, Inc. and subsidiaries as of December 31, 2012, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Governmental Auditing Standards*, we have also issued our report dated June 5, 2013, on our consideration of Community Action Partnership of North Alabama Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Community Action Partnership of North Alabama Inc.'s internal control over financial reporting and compliance.

  
CERTIFIED PUBLIC ACCOUNTANTS  
Decatur, Alabama

June 5, 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
THE COMMUNITY ACTION PARTNERSHIP  
OF NORTH ALABAMA, INC. AND SUBSIDIARIES  
December 31, 2012

<u>ASSETS</u>	
<b>CURRENT ASSETS</b>	
Cash	\$ 1,165,691
Grants receivable	393,042
Other accounts receivable	559,913
Prepaid expenses	23,876
TOTAL CURRENT ASSETS	<u>2,142,522</u>
<b>RESTRICTED ASSETS</b>	
Restricted deposits and reserves	1,511,092
<b>NONCURRENT ASSETS</b>	
Notes receivable - related parties	1,090,918
Property and equipment - net	27,793,449
Other assets	226,729
TOTAL NONCURRENT ASSETS	<u>29,111,096</u>
TOTAL ASSETS	<u>\$ 32,764,710</u>
<u>LIABILITIES AND NET ASSETS</u>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 285,081
Accrued interest	483,310
Other accrued expenses	1,002,648
Deferred revenue	240,205
Current portion of long-term debt	282,424
TOTAL CURRENT LIABILITIES	<u>2,293,668</u>
<b>NONCURRENT LIABILITIES</b>	
Accounts payable related parties	38,670
Tenant security deposits	120,405
Accumulated deficit investment in partnerships	27,401
Developer fees payable	444,528
Long-term debt - net	12,334,297
TOTAL NONCURRENT LIABILITIES	<u>12,965,301</u>
<b>NET ASSETS</b>	
Unrestricted	16,936,046
Temporarily restricted	569,695
TOTAL NET ASSETS	<u>17,505,741</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 32,764,710</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, 2012

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
State of Alabama	\$ -	\$ 6,043,944	\$ 6,043,944
Dept. of Health & Human Services	-	12,718,722	12,718,722
Corporation for National and Community Service	-	524,084	524,084
NeighborWorks America	-	280,000	280,000
U.S. Department of Agriculture	-	75,783	75,783
Local United Way	-	134,759	134,759
Department of HUD	-	10,399	10,399
United Way of America	-	(1,214)	(1,214)
Other support	-	227,276	227,276
Rent income	2,129,177	-	2,129,177
Other revenue	1,848,849	19,543	1,868,392
Non-cash contributions	-	4,050,356	4,050,356
Net assets released from restriction:			
Restrictions satisfied by payments	24,058,947	(24,058,947)	-
<b>TOTAL REVENUES, GAINS, AND OTHER SUPPORT</b>	<b>28,036,973</b>	<b>24,705</b>	<b>28,061,678</b>
<b>EXPENSES</b>			
Personnel costs:			
Salaries	9,825,940	-	9,825,940
Stipends	341,742	-	341,742
Benefits and payroll taxes	4,905,333	-	4,905,333
Contract services	506,733	-	506,733
<b>TOTAL PERSONNEL COSTS</b>	<b>15,579,748</b>	<b>-</b>	<b>15,579,748</b>
Travel and transportation costs	357,740	-	357,740
Space costs	2,452,523	-	2,452,523
Consumable supplies	648,789	-	648,789
Direct assistance	2,188,557	-	2,188,557
Other costs	3,256,251	-	3,256,251
Interest expense	355,059	-	355,059
Rental property expenses	2,614,058	-	2,614,058
Depreciation expense	1,204,240	-	1,204,240
<b>TOTAL EXPENSES</b>	<b>28,656,965</b>	<b>-</b>	<b>28,656,965</b>
<b>CHANGE IN NET ASSETS</b>	<b>(619,992)</b>	<b>24,705</b>	<b>(595,287)</b>
Net assets, beginning of year - as adjusted, see Note 17	17,565,399	544,990	18,110,389
	16,945,407	569,695	17,515,102
Capital distributions - net	(9,361)	-	(9,361)
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 16,936,046</b>	<b>\$ 569,695</b>	<b>\$ 17,505,741</b>

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, 2012

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Increase (Decrease) in Cash

Cash flows from operating activities:	
Change in net assets	\$ (595,287)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	1,204,240
Changes in operating assets and liabilities:	
Grants receivable	(14,649)
Accounts receivable	(38,301)
Prepaid expenses	3,838
Other assets	39,851
Accounts payable and accrued expenses	603,399
Deferred revenue	100,553
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,303,644</u>
Cash flows from investing activities:	
Net deposits to reserve and escrow accounts	(120,149)
Purchase of property and equipment	(198,929)
NET CASH USED IN INVESTING ACTIVITIES	<u>(319,078)</u>
Cash flows from financing activities:	
Principal payments on long-term debt	(352,562)
Developer fee payments	(319,480)
Equity distributions	(9,361)
NET CASH USED IN FINANCING ACTIVITIES	<u>(681,403)</u>
	NET INCREASE IN CASH
	303,163
Cash, beginning of year	862,528
	CASH, END OF YEAR
	<u><u>\$ 1,165,691</u></u>
Supplemental Disclosures of Cash Flow Information:	
Cash paid during the year for interest	<u><u>\$ 549,579</u></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, 2012

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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 skills, 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, 2012

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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 consolidated 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 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. 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, 2012

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property and equipment purchased with grant funds are owned by the Agency while used in the program for which it was purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the property and equipment purchased with grant funds. Its disposition, as well as the ownership of any proceeds there from, is subject to funding source regulations. The property and equipment purchased with grant funds are normally restricted for use in specific programs operated by the Agency.

Property and equipment of the other consolidated entities are recorded at cost. General repair and maintenance expenditures are expensed as incurred. Maintenance expenditures that significantly increase the life of the asset are capitalized. Upon disposal of depreciable property and equipment, related costs and accumulated depreciation are reduced in the appropriate accounts. The gains and losses on disposal are credited or charged to operations.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Estimated useful lives by asset category are as follows:

Land improvements	10 to 15 years
Buildings	40 years
Equipment	5 to 25 years
Transportation equipment	5 to 10 years

In accordance with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 360-10-35, *Impairment of Disposal of Long-Lived Assets*, the Agency and its subsidiaries review their investment in long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the assets to the future net discounted cash flows expected to be generated by the property including any estimated proceeds from the eventual disposition of the property. If the property is considered impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. Based on current estimates, management believes that no impairment indicators are present.

**J. DEFERRED REVENUE**

Deferred revenue represents grant funds received but not expended during the current year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
THE COMMUNITY ACTION PARTNERSHIP  
OF NORTH ALABAMA, INC. AND SUBSIDIARIES  
December 31, 2012

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

K. DONATED MATERIALS, FACILITIES AND SERVICES

Volunteers, business firms, and others contribute substantial amounts of materials and services toward the fulfillment of the Agency's projects.

Donated materials and services consist of contributions of materials valued at current market prices, and services valued at current market prices for particular skills and/or professions.

Donated facilities consist of donated space used for classrooms, valued at current market rates.

To the extent that contributions of materials, facilities and services are made under the control of the Agency; are objectively measurable and represent program or support expenditures which would otherwise be incurred by the Agency's personnel, they are reflected in support, revenues and expenses in the accompanying consolidated financial statements.

L. INCOME TAXES

The Agency is a not-for-profit organization exempt from income taxes as described in Section 501 (c)(3) of the Internal Revenue Code except on net income derived from unrelated business activities. The Agency believes that they have appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements.

The Agency's federal exempt organization Business Income Tax Returns (Form 990) for 2010, 2011, and 2012 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

M. SUBSEQUENT EVENTS

Subsequent events for the parent organization have been evaluated through the report date, June 5, 2013, which is the date the financial statements were available to be issued. Subsequent events for the subsidiaries included in the consolidated financial statements were evaluated generally through February 15, 2013, the date on which these financial statements were available for issuance. There were no subsequent events required to be reported.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
THE COMMUNITY ACTION PARTNERSHIP  
OF NORTH ALABAMA, INC. AND SUBSIDIARIES  
December 31, 2012

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NOTE 2 – SUBSIDIARIES

The Agency had the following wholly owned subsidiaries at December 31, 2012:

1. Community Action Partnership of North Alabama (CAPNA) Limited Liability Entity Investments – This division was set up to account for the operations of various limited partnerships in which the Agency serves as the general partner. The assets, liabilities and equity of these entities are included in the Agency's consolidated financial statements.
2. North Alabama Community Partnership Fund, LLC – This is a Limited Liability Company created for the purpose of providing information and assistance to prospective low income homeowners and renters; providing technical assistance in connection with the development, constructing, rehabilitation, ownership and financing of affordable housing and ancillary and supporting businesses and services; providing financing for affordable housing; providing other charitable programs for low-income individuals; and engaging in any and all actions necessary or incidental to the foregoing. The Agency is the sole member of the Company.
3. Property Holdings, LLC – This is a non-profit limited liability company owned entirely by the Agency to serve as a real estate holding company. The Agency has control through a majority voting interest.
4. Southern Community Builders, Inc. – This is a for-profit corporation owned entirely by the Agency to serve as a general partner in various limited partnerships. The Agency has control through a majority voting interest. At December 31, 2012, the corporation was a general partner in seven limited partnerships. The assets, liabilities and equity of these entities are included in the Organization's financial statements.
5. Southern Community Builders of South Carolina, Inc. – This is a for-profit corporation owned entirely by the Agency to serve as a general partner in limited partnerships. The Agency has control through a majority interest. At December 31, 2012, the corporation was a general partner in one limited partnership. The assets, liabilities and equity in the entity is included in the Organization's financial statements.

The above entities have been included in the consolidated financial statements of the Organization for the year ended December 31, 2012.

NOTE 3 – CONCENTRATION OF CREDIT RISK

The Community Action Partnership of North Alabama Inc. and Subsidiaries maintain cash balances at several financial institutions where the accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. At times throughout the year, balances in these accounts may exceed the insured limits. The Agency and the other entities believes they are not exposed to any significant credit risk on cash balances.

The Agency received 22.4% and 47.1% of its total revenues, gains and support from the State of Alabama and the U. S. Department of Health and Human Services, respectively, during the year ended December 31, 2012.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
THE COMMUNITY ACTION PARTNERSHIP  
OF NORTH ALABAMA, INC. AND SUBSIDIARIES  
December 31, 2012

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NOTE 4 – GRANTS RECEIVABLE

The grants receivable balance represents amounts due from the various funding sources as follows:

Federal Funding Sources:

Alabama Department of Economic and Community Affairs:

CSBG	\$ 29,201
LIHEAP/LIWAP	209,680
Weatherization	5,750
Head Start	20,649
Department of Housing & Urban Development - Housing Counseling	7,479
Other	120,283
TOTAL GRANTS RECEIVABLE	<u>\$ 393,042</u>

NOTE 5 – NOTES RECEIVABLE – RELATED PARTIES

The Agency has long-term notes receivable from the following Limited Liability Partnerships at December 31, 2012, with a predefault interest rate payable at one half of one percent for periods ranging from 15 years to 20 years. Interest earned is added to the notes annually.

Mountainside Apartments, LTD.	\$ 259,253
Northgate Place Apartments, LTD.	317,452
Saddle Ridge Apartments, LTD.	227,807
Holly Pond Apartments, LTD	85,898
Holly Pond Apartments Phase II, LTD	42,944
Reform Manor, LTD	157,564
TOTAL NOTES RECEIVABLE-RELATED PARTIES	<u>\$ 1,090,918</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
THE COMMUNITY ACTION PARTNERSHIP  
OF NORTH ALABAMA, INC. AND SUBSIDIARIES  
December 31, 2012

NOTE 6 – PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2012 is as follows:

	Parent	Subsidiaries				
	Community Action Partnership of North Alabama	CAPNA Limited Liability Entity Investments	Property Holdings, LLC	Southern Community Builders, Inc.	Southern Community Builders of South Carolina, Inc.	Consolidated
Land	\$ -	\$ 418,159	\$ 286,069	\$ 1,756,085	\$ -	\$ 2,460,313
Land improvements	-	151,596	-	3,017,500	-	3,169,096
Buildings and improvements	1,504,146	7,896,784	645,117	21,164,560	-	31,210,607
Furniture and equipment	118,110	362,635	-	1,064,733	-	1,545,478
Transportation equipment	278,995	-	-	-	-	278,995
TOTAL PROPERTY AND EQUIPMENT	1,901,251	8,829,174	931,186	27,002,878	-	38,664,489
Less accumulated depreciation	590,436	3,576,096	104,154	6,600,354	-	10,871,040
PROPERTY AND EQUIPMENT - NET	<u>\$1,310,815</u>	<u>\$5,253,078</u>	<u>\$ 827,032</u>	<u>\$20,402,524</u>	<u>\$ -</u>	<u>\$27,793,449</u>
Depreciation expense for each entity was charged to expenses as shown:	<u>\$ 83,319</u>	<u>\$ 251,152</u>	<u>\$ 15,128</u>	<u>\$ 854,641</u>	<u>\$ -</u>	<u>\$ 1,204,240</u>

NOTE 7 – LONG-TERM DEBT

The Community Action Partnership of North Alabama, Inc. and Subsidiaries' long-term debt at December 31, 2012 is as follows:

Property Holdings, LLC:

Note payable - Regions Bank, bearing interest at 7.35% per annum, payable in annual installments of \$31,780 with a final payment of \$17,877 due January 19, 2015.	\$ 48,472
Note payable - Regions Bank, bearing interest at 4.85%, due in one installment of \$39,358 on April 25, 2013.	39,358
Note payable - Regions Bank, bearing interest at 5.55% per annum, due in monthly installments of \$7,218 on January 1, 2019. The mortgage is secured by real property as outlined in the mortgage.	<u>395,956</u>
TOTAL PROPERTY HOLDINGS, LLC	483,786



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
THE COMMUNITY ACTION PARTNERSHIP  
OF NORTH ALABAMA, INC. AND SUBSIDIARIES  
December 31, 2012

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NOTE 7 – LONG-TERM DEBT - CONTINUED

CAPNA Limited Liability Entity Investments:

Deer Run Apartments, LTD:

The Partnership has a \$156,908 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. 156,908

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 1,121,985

Alexander Terrace Apartments, LTD:

The Partnership has a \$43,734 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. 43,734

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 700,734

Harbor Square Apartments, LTD:

The Partnership has a \$22,313 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. 22,313

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 1,388,313

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
THE COMMUNITY ACTION PARTNERSHIP  
OF NORTH ALABAMA, INC. AND SUBSIDIARIES  
December 31, 2012

NOTE 7 – LONG-TERM DEBT - CONTINUED

Mound Plaza, LTD:

The Partnership has a \$629,389 mortgage note, secured by the Project, payable in monthly installments of \$5,027 net of interest at 9.5%, payable through 2039.

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

582,892

TOTAL CAPNA LIMITED LIABILITY ENTITY INVESTMENTS 3,793,924

Southern Community Builders, Inc.

Pine Creek Apartments, LTD:

The Partnership has a \$384,634 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.

384,634

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 1,025,234

Sophia's Landing Apartments, LTD:

The Partnership has a \$1,258,164 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.

1,258,164

The Oaks Apartments, LTD:

The Partnership has a \$534,451 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.

534,451

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 1,067,551

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
THE COMMUNITY ACTION PARTNERSHIP  
OF NORTH ALABAMA, INC. AND SUBSIDIARIES  
December 31, 2012

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NOTE 7 – LONG-TERM DEBT - CONTINUED

Alexander Terrace Apartments, II, LTD:

The Partnership has a \$197,799 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. 197,799

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 1,230,939

Bankhead Court Apartments, LTD:

The Partnership has a \$120,604 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. 120,604

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 1,074,174

The Springs Apartments, LTD:

The Partnership has a \$201,667 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. 201,667

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 688,047

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
THE COMMUNITY ACTION PARTNERSHIP  
OF NORTH ALABAMA, INC. AND SUBSIDIARIES  
December 31, 2012

NOTE 7 – LONG-TERM DEBT - CONTINUED

Mountainside Apartments, LTD:

The Partnership has a \$124,252 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.

124,252

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

1,994,902

TOTAL SOUTHERN COMMUNITY BUILDERS, INC.

8,339,011

TOTAL LONG-TERM DEBT

12,616,721

Less current maturities on long-term debt

282,424

LONG-TERM DEBT - NET

\$ 12,334,297

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>
2013	\$ 282,424
2014	273,009
2015	281,463
2016	284,176
2017	1,673,111
2018 and thereafter	9,822,538
	<u>\$12,616,721</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
THE COMMUNITY ACTION PARTNERSHIP  
OF NORTH ALABAMA, INC. AND SUBSIDIARIES  
December 31, 2012

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NOTE 8 – DEFERRED REVENUE

Deferred revenue consisted of the following at December 31, 2012:

Department of Health & Human Services - Head Start	\$ 29,145
Alabama School Readiness Pre-K	4,093
Alabama Disaster Case Management	205,238
State General Fund	1,729
TOTAL DEFERRED REVENUE	<u>\$ 240,205</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 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, 2012

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, 2012 as follows:

Total percentage of covered payroll:

1/1/12 to 9/30/12	17.25%
10/1/12 to 12/31/12	17.58%

Contributions:

Percentage contributed by the Agency:

For current year service:

1/1/12-9/30/12	10.00%
10/1/12-12/31/12	10.08%

Percentage contributed by employees

1/1/12-9/30/12	7.25%
10/1/12-12/31/12	7.50%

Amount contributed by the Agency	\$ 829,058
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Amount contributed by employees	492,971
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TOTAL CONTRIBUTIONS	<u>\$ 1,322,029</u>
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NOTE 10 – NON CASH CONTRIBUTIONS

Non cash contributions consisted of the following for the year ended December 31, 2012:

Space costs	\$ 1,490,775
Salaries and benefits	2,538,299
Contract services	2,068
Food costs	16,000
Supplies	3,214
TOTAL NON CASH CONTRIBUTIONS	<u>\$ 4,050,356</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
THE COMMUNITY ACTION PARTNERSHIP  
OF NORTH ALABAMA, INC. AND SUBSIDIARIES  
December 31, 2012

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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, 2012 was \$384,414. The terms of the operating leases in effect as of December 31, 2012, 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>
2013	\$ 130,650
2014	142,200
2015	142,200
2016	142,200
2017	142,200
2018 and thereafter	130,350
TOTAL FUTURE COMMITMENT	<u>\$ 829,800</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, 2012, as reflected in the consolidated financial statements was approximately \$1,490,775.

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, 2012

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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 31<sup>st</sup> of each year. Sick leave is not paid upon termination. There is no accrual for accrued leave at December 31, 2012.

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, 2012. The following Limited Liability Entities had developer fees payable at December 31, 2012:

Pine Creek Apartments, LTD	\$ 131,813
The Oaks Apartments, LTD	129,316
Alexander Terrace II Apartments, LTD	70,613
Bankhead Court Apartments, LTD	112,786
TOTAL DEVELOPER FEES PAYABLE	<u>\$ 444,528</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, 2012 amounted to \$1,511,092.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
THE COMMUNITY ACTION PARTNERSHIP  
OF NORTH ALABAMA, INC. AND SUBSIDIARIES  
December 31, 2012

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 12/31/11</u>	<u>Share of Income (Loss) for 2012</u>	<u>Balance 12/31/12</u>
<u>Community Action Partnership of North Alabama, Inc.:</u>				
Saddle Ridge Apts, LTD	0.075%	\$ (11,323)	\$ (1)	\$ (11,324)
Northgate Place Apts, LTD	0.005%	(100)	(10)	(110)
Park Hill Apts, LTD	0.500%	(7,124)	(183)	(7,307)
Ivy Pointe Apts, LTD	0.500%	(3,386)	(203)	(3,589)
Hickory Run Apts, LTD	0.500%	(4,241)	(154)	(4,395)
Holly Pond Apts, LTD	0.005%	(16)	-	(16)
Holly Pond Apts. II, LTD	0.005%	(6)	(1)	(7)
Reform Manor, LTD	1.000%	(15)	-	(15)
Millers Ridge Apts, LP	0.010%	(207)	(4)	(211)
Loris Gardens, LLC	0.005%	(32)	(5)	(37)
Wyndor Downs, LLC	0.001%	(83)	36	(47)
Palmettos Way, LLC	0.001%	(10)	(1)	(11)
Mountainside Apts, LTD	0.001%	(8)	(1)	(9)
Azalea Gardens, LLC	0.001%	(8)	(1)	(9)
<b>TOTAL COMMUNITY ACTION PARTNERSHIP OF NORTH ALABAMA, INC.</b>		<b>(26,559)</b>	<b>(527)</b>	<b>(27,087)</b>
<u>Southern Community Builders, Inc.:</u>				
Parkway Place Apts, LTD	0.001%	(23)	(4)	(27)
Pecan Cove Apts, LTD	0.001%	(47)	(8)	(55)
Harbor Pointe Apts, LTD	0.001%	(26)	(4)	(30)
Greenwood Park, LTD	0.001%	(42)	(9)	(51)
Community Village I, LTD	0.001%	(60)	(12)	(72)
Sara's Ridge Apts, LTD	0.001%	(46)	(15)	(61)
Anne Place Apts, LTD	0.001%	(13)	(5)	(18)
<b>TOTAL SOUTHERN COMMUNITY BUILDERS, INC.</b>		<b>(257)</b>	<b>(57)</b>	<b>(314)</b>
<b>TOTAL</b>		<b>\$ (26,816)</b>	<b>\$ (584)</b>	<b>\$ (27,401)</b>

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, 2012

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, 2012, are as follows:

	Community Action Partnership of North Alabama	South Community Builders, Inc.	Total
Assets	\$ 30,032,542	\$ 48,778,632	\$ 78,811,174
Liabilities	18,609,130	17,111,938	35,721,068
Equity	<u>\$ 11,423,412</u>	<u>\$ 31,666,694</u>	<u>\$ 43,090,106</u>
Current year loss	<u>\$ (995,599)</u>	<u>\$ (1,843,980)</u>	<u>\$ (2,839,579)</u>

NOTE 17 – PRIOR PERIOD ADJUSTMENTS

The following adjustments were made to two of the other entities Unrestricted Net Assets as of December 31, 2011.

Consolidated unrestricted net assets as of December 31, 2011:		\$ 17,388,000
A. CAPNA Limited Liability Entity Investments:		
Net assets balance as of December 31, 2011	\$ 2,197,047	
Adjustment to add Mound Plaza, LTD Net Assets (Deficit) to the entity as of December 31, 2011	<u>(348,342)</u>	(348,342)
Net Assets as adjusted at December 31, 2011	<u>\$ 1,848,705</u>	
B. Southern Community Builders of South Carolina, Inc.:		
Net Assets (Deficit) as December 31, 2011	\$ (565,743)	
Adjustment to Net Assets (Deficit) to reflect changes made during liquidation of limited partnership in which Southern Community Builders of South Carolina, Inc is a general partner.	<u>525,741</u>	<u>525,741</u>
Net Assets (Deficit) as adjusted at December 31, 2011	<u>\$ (40,002)</u>	
CONSOLIDATED UNRESTRICTED NET ASSETS AT DECEMBER 31, 2011 AS ADJUSTED		17,565,399
CONSOLIDATED TEMPORARILY RESTRICTED NET ASSETS		<u>544,990</u>
TOTAL CONSOLIDATED NET ASSETS AT DECEMBER 31, 2011 AS ADJUSTED		<u>\$ 18,110,389</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
THE COMMUNITY ACTION PARTNERSHIP  
OF NORTH ALABAMA, INC. AND SUBSIDIARIES  
December 31, 2012

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NOTE 18 – 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 four limited partnerships and Southern Community Builders of South Carolina, Inc. with one limited partnership 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, 2012 is presented below:

	<u>Total Assets</u>	<u>Total Revenues</u>
Southern Community Builders, Inc.	\$ 21,781,254	\$ 1,468,505
CAPNA Limited Liability Investments	5,837,638	621,912
Southern Community Builders of South Carolina, Inc.	<u>532,675</u>	<u>1,226,242</u>
TOTALS	<u>\$ 28,151,567</u>	<u>\$ 3,316,659</u>



## SUPPLEMENTARY INFORMATION

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**THE COMMUNITY ACTION PARTNERSHIP OF NORTH ALABAMA, INC. AND SUBSIDIARIES**  
December 31, 2012

	Parent	Subsidiaries	
	Community Action Partnership of North Alabama, Inc.	CAPNA Limited Liability Entity Investments	North Alabama Community Partnership Fund, LLC
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash	\$ 835,666	\$ 56,880	\$ 57,793
Grants receivable	393,042	-	-
Other accounts receivable	42,727	7,276	40,758
Prepaid expenses	-	6,747	-
<b>TOTAL CURRENT ASSETS</b>	<b>1,271,435</b>	<b>70,903</b>	<b>98,551</b>
<b>RESTRICTED ASSETS</b>			
Restricted deposits and reserves	-	513,657	-
<b>NONCURRENT ASSETS</b>			
Accounts receivable - related parties	218,368	-	-
Notes receivable - related parties	1,090,918	-	-
Property and equipment - net	1,310,815	5,253,078	-
Other assets	33,363	-	20
<b>TOTAL NONCURRENT ASSETS</b>	<b>2,653,464</b>	<b>5,253,078</b>	<b>20</b>
<b>TOTAL ASSETS</b>	<b>\$ 3,924,899</b>	<b>\$ 5,837,638</b>	<b>\$ 98,571</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 207,612	\$ 13,370	\$ -
Accrued interest	-	223,582	-
Other accrued expenses	346,565	30,670	-
Deferred revenue	240,205	-	-
Current portion of long-term debt	-	47,764	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>794,382</b>	<b>315,386</b>	<b>-</b>
<b>NONCURRENT LIABILITIES</b>			
Accounts payable related parties	-	38,670	-
Tenant security deposits	-	35,805	-
Accumulated deficit investment in partnerships	27,087	-	-
Developer fees payable	-	-	-
Long-term debt - net	-	3,746,160	-
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>27,087</b>	<b>3,820,635</b>	<b>-</b>
<b>NET ASSETS</b>			
Unrestricted	2,632,306	1,701,617	-
Temporarily restricted	471,124	-	98,571
<b>TOTAL NET ASSETS</b>	<b>3,103,430</b>	<b>1,701,617</b>	<b>98,571</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,924,899</b>	<b>\$ 5,837,638</b>	<b>\$ 98,571</b>

See independent auditor's report

Property Holdings, LLC	Southern Community Builders, Inc.	Southern Community Builders of South Carolina, Inc.	Rework of North Alabama, LLC	Eliminations	Consolidated
\$ -	\$ 163,615	\$ 26,737	\$ 25,000	\$ -	\$ 1,165,691
-	-	-	-	-	393,042
-	7,205	505,938	-	(43,991)	559,913
-	17,129	-	-	-	23,876
-	187,949	532,675	25,000	(43,991.00)	2,142,522
-	997,435	-	-	-	1,511,092
-	-	-	-	(218,368)	-
-	-	-	-	-	1,090,918
827,032	20,402,524	-	-	-	27,793,449
-	193,346	-	-	-	226,729
827,032	20,595,870	-	-	(218,368)	29,111,096
<u>\$ 827,032</u>	<u>\$ 21,781,254</u>	<u>\$ 532,675</u>	<u>\$ 25,000</u>	<u>\$ (262,359)</u>	<u>\$ 32,764,710</u>
\$ -	\$ 54,099	\$ 10,000	\$ -	\$ -	\$ 285,081
-	259,728	-	-	-	483,310
-	47,812	577,601	18,991	(18,991)	1,002,648
-	-	-	-	-	240,205
107,542	127,118	-	-	-	282,424
<u>107,542</u>	<u>488,757</u>	<u>587,601</u>	<u>18,991</u>	<u>(18,991)</u>	<u>2,293,668</u>
218,368	-	-	-	(218,368)	38,670
-	84,600	-	-	-	120,405
-	314	-	-	-	27,401
-	444,528	-	-	-	444,528
376,244	8,211,893	-	25,000	(25,000)	12,334,297
<u>594,612</u>	<u>8,741,335</u>	<u>-</u>	<u>25,000</u>	<u>(243,368)</u>	<u>12,965,301</u>
124,878	12,551,162	(54,926)	(18,991)	-	16,936,046
-	-	-	-	-	569,695
124,878	12,551,162	(54,926)	(18,991)	-	17,505,741
<u>\$ 827,032</u>	<u>\$ 21,781,254</u>	<u>\$ 532,675</u>	<u>\$ 25,000</u>	<u>\$ (262,359)</u>	<u>\$ 32,764,710</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, 2012

	Parent	Subsidiaries	
	Community Action Partnership of North Alabama, Inc.	CAPNA Limited Liability Entity Investments	North Alabama Community Partnership Fund, LLC
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
State of Alabama	\$ 6,043,944	\$ -	\$ -
Dept. of Health & Human Services	12,718,722	-	-
Corporation for National and Community Service	524,084	-	-
NeighborWorks America	280,000	-	-
U.S. Department of Agriculture	75,783	-	-
Local United Way	134,759	-	-
Department of HUD	10,399	-	-
United Way of America	(1,214)	-	-
Other support	227,276	-	-
Rent income	-	605,819	-
Other revenue	618,883	16,093	61,971
Non-cash contributions	4,050,356	-	-
<b>TOTAL REVENUES, GAINS, AND OTHER SUPPORT</b>	<b>24,682,992</b>	<b>621,912</b>	<b>61,971</b>
<b>EXPENSES</b>			
Personnel costs:			
Salaries	9,825,940	-	-
Stipends	341,742	-	-
Benefits and payroll taxes	4,905,333	-	-
Contract services	506,733	-	-
<b>TOTAL PERSONNEL COSTS</b>	<b>15,579,748</b>	<b>-</b>	<b>-</b>
Travel and transportation costs	357,356	-	-
Space costs	2,614,516	-	-
Consumable supplies	648,789	-	-
Direct assistance	2,188,557	-	-
Other costs	3,193,277	-	56,811
Interest expense	26,945	50,044	-
Rental Property expense	-	467,804	-
Depreciation expense	83,318	251,152	-
<b>TOTAL EXPENSES</b>	<b>24,692,506</b>	<b>769,000</b>	<b>56,811</b>
<b>CHANGE IN NET ASSETS</b>	<b>(9,514)</b>	<b>(147,088)</b>	<b>5,160</b>
Net assets, beginning of year - as adjusted, see Note 17	3,112,944	1,848,705	93,411
	3,103,430	1,701,617	98,571
Capital contributions (distributions)	-	-	-
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 3,103,430</b>	<b>\$ 1,701,617</b>	<b>\$ 98,571</b>

See independent auditor's report



Property Holdings, LLC	Southern Community Builders, Inc.	Southern Community Builders of South Carolina, Inc.	Reworx of North Alabama, LLC	Eliminations	Consolidated
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,043,944
-	-	-	-	-	12,718,722
-	-	-	-	-	524,084
-	-	-	-	-	280,000
-	-	-	-	-	75,783
-	-	-	-	-	134,759
-	-	-	-	-	10,399
-	-	-	-	-	(1,214)
-	-	-	-	-	227,276
174,493	1,369,856	153,502	-	(174,493)	2,129,177
-	98,649	1,072,740	56	-	1,868,392
-	-	-	-	-	4,050,356
174,493	1,468,505	1,226,242	56	(174,493)	28,061,678
-	-	-	-	-	9,825,940
-	-	-	-	-	341,742
-	-	-	-	-	4,905,333
-	-	-	-	-	506,733
-	-	-	-	-	15,579,748
-	-	-	384	-	357,740
-	-	-	12,500	(174,493)	2,452,523
-	-	-	-	-	648,789
-	-	-	-	-	2,188,557
-	-	-	6,163	-	3,256,251
24,493	253,577	-	-	-	355,059
-	905,088	1,241,166	-	-	2,614,058
15,128	854,642	-	-	-	1,204,240
39,621	2,013,307	1,241,166	19,047	(174,493)	28,656,965
134,872	(544,802)	(14,924)	(18,991)	-	(595,287)
(9,994)	13,105,325	(40,002)	-	-	18,110,389
124,878	12,560,523	(54,926)	(18,991)	-	17,515,102
-	(9,361)	-	-	-	(9,361)
\$ 124,878	\$ 12,551,162	\$ (54,926)	\$ (18,991)	\$ -	\$ 17,505,741

**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
**CAPNA LIMITED LIABILITY ENTITY INVESTMENTS**  
December 31, 2012

<u>ASSETS</u>	Deer Run Apartments, LTD	Alexander Terrace Apartments, LTD	Harbor Square Apartments, LTD	Mound Plaza, LTD	Total
<b>CURRENT ASSETS</b>					
Cash	\$ 34,335	\$ 6,117	\$ 12,326	\$ 4,102	\$ 56,880
Accounts receivable	1,710	-	-	5,566	7,276
Prepaid expenses	1,800	3,276	1,671	-	6,747
<b>TOTAL CURRENT ASSETS</b>	<b>37,845</b>	<b>9,393</b>	<b>13,997</b>	<b>9,668</b>	<b>70,903</b>
<b>RESTRICTED DEPOSITS AND RESERVES</b>					
Security deposits held in trust	10,580	5,760	15,865	3,600	35,805
Replacement reserves	101,491	52,937	94,758	69,198	318,384
Tax and insurance escrow	8,760	2,920	9,300	8,588	29,568
Operating deficit reserve	53,369	25,779	50,752	-	129,900
<b>TOTAL RESTRICTED DEPOSITS AND RESERVES</b>	<b>174,200</b>	<b>87,396</b>	<b>170,675</b>	<b>81,386</b>	<b>513,657</b>
<b>PROPERTY AND EQUIPMENT</b>					
Land	156,100	45,000	200,000	17,059	418,159
Land improvements	6,267	143,214	2,115	-	151,596
Buildings	2,704,397	1,380,076	2,970,517	841,794	7,896,784
Furniture and equipment	181,839	87,199	89,057	4,540	362,635
<b>TOTAL PROPERTY AND EQUIPMENT</b>	<b>3,048,603</b>	<b>1,655,489</b>	<b>3,261,689</b>	<b>863,393</b>	<b>8,829,174</b>
Less accumulated depreciation	1,017,655	668,010	1,196,275	694,156	3,576,096
<b>PROPERTY AND EQUIPMENT - NET</b>	<b>2,030,948</b>	<b>987,479</b>	<b>2,065,414</b>	<b>169,237</b>	<b>5,253,078</b>
<b>TOTAL ASSETS</b>	<b>\$ 2,242,993</b>	<b>\$ 1,084,268</b>	<b>\$ 2,250,086</b>	<b>\$ 260,291</b>	<b>\$ 5,837,638</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 4,332	\$ 1,473	\$ 3,172	\$ 4,393	\$ 13,370
Accrued interest	64,047	47,974	110,639	922	223,582
Other accrued expenses	18,771	3,956	6,227	1,716	30,670
Current portion of long-term debt	14,222	6,054	22,313	5,175	47,764
<b>TOTAL CURRENT LIABILITIES</b>	<b>101,372</b>	<b>59,457</b>	<b>142,351</b>	<b>12,206</b>	<b>315,386</b>
<b>NONCURRENT LIABILITIES</b>					
Tenant security deposits	10,580	5,760	15,865	3,600	35,805
Accounts payable related parties	-	-	-	38,670	38,670
Long-term debt - net	1,107,763	694,680	1,366,000	577,717	3,746,160
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>1,118,343</b>	<b>700,440</b>	<b>1,381,865</b>	<b>619,987</b>	<b>3,820,635</b>
<b>PARTNER'S EQUITY</b>	<b>1,023,278</b>	<b>324,371</b>	<b>725,870</b>	<b>(371,902)</b>	<b>1,701,617</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,242,993</b>	<b>\$ 1,084,268</b>	<b>\$ 2,250,086</b>	<b>\$ 260,291</b>	<b>\$ 5,837,638</b>

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, 2012

	Deer Run Apartments, LTD	Alexander Terrace Apartments, LTD	Harbor Square Apartments, LTD	Mound Plaza, LTD	Total
REVENUES					
Rent income	\$ 195,662	\$ 91,069	\$ 214,131	\$ 104,957	\$ 605,819
Tenant charges	7,407	2,165	2,362	3,080	15,014
Interest income	405	99	131	207	842
Other	182	55	-	-	237
TOTAL REVENUES	203,656	93,388	216,624	108,244	621,912
EXPENSES					
Administrative	56,450	29,347	55,481	13,946	155,224
Utilities	13,012	4,214	11,395	7,839	36,460
Operating and maintenance	42,540	26,958	61,524	49,477	180,499
Taxes and insurance	24,334	15,196	26,839	17,255	83,624
Interest expense	20,888	7,288	10,592	11,276	50,044
Management fees	11,997	-	-	-	11,997
Depreciation expense	80,831	47,954	90,356	32,011	251,152
TOTAL EXPENSES	250,052	130,957	256,187	131,804	769,000
NET INCOME (LOSS)	(46,396)	(37,569)	(39,563)	(23,560)	(147,088)
Net assets (deficit), beginning of year - as adjusted, see Note 17	1,069,674	361,940	765,433	(348,342)	1,848,705
	1,023,278	324,371	725,870	(371,902)	1,701,617
Distributions	-	-	-	-	-
NET ASSETS (DEFICIT), END OF YEAR	\$ 1,023,278	\$ 324,371	\$ 725,870	\$ (371,902)	\$ 1,701,617

See independent auditor's report

**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
**SOUTHERN COMMUNITY BUILDERS, INC.**  
December 31, 2012

	Pine Creek Apartments, LTD	Sophia's Landing Apartments, LTD	The Oaks Apartments, LTD
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash	\$ 35,750	\$ 32,497	\$ 2,859
Accounts receivable	-	4,255	1,125
Prepaid expenses	1,801	6,836	2,535
<b>TOTAL CURRENT ASSETS</b>	<b>37,551</b>	<b>43,588</b>	<b>6,519</b>
<b>RESTRICTED DEPOSITS AND RESERVES</b>			
Security deposits held in trust	12,450	24,000	12,050
Replacement reserves	84,073	73,993	69,633
Tax and insurance escrow	9,150	13,860	10,770
Operating deficit reserve	-	133,172	-
<b>TOTAL RESTRICTED DEPOSITS AND RESERVES</b>	<b>105,673</b>	<b>245,025</b>	<b>92,453</b>
<b>PROPERTY AND EQUIPMENT</b>			
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	81,846	331,171	113,761
<b>TOTAL PROPERTY AND EQUIPMENT</b>	<b>2,906,863</b>	<b>7,986,562</b>	<b>3,525,097</b>
Less accumulated depreciation	892,606	1,272,847	1,128,669
<b>PROPERTY AND EQUIPMENT - NET</b>	<b>2,014,257</b>	<b>6,713,715</b>	<b>2,396,428</b>
<b>OTHER ASSETS - NET</b>	<b>-</b>	<b>119,096</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>\$ 2,157,481</b>	<b>\$ 7,121,424</b>	<b>\$ 2,495,400</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 3,078	\$ 15,576	\$ 2,961
Accrued interest	39,450	4,794	33,068
Other accrued expenses	6,660	10,794	6,169
Current portion of long-term debt	31,605	18,052	45,027
<b>TOTAL CURRENT LIABILITIES</b>	<b>80,793</b>	<b>49,216</b>	<b>87,225</b>
<b>NONCURRENT LIABILITIES</b>			
Tenant security deposits	12,450	24,000	12,050
Accumulated deficit investment in partnership	-	-	-
Developer fees payable	131,813	-	129,316
Long-term debt - net	993,629	1,240,112	1,022,524
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>1,137,892</b>	<b>1,264,112</b>	<b>1,163,890</b>
<b>PARTNER'S NET ASSETS</b>	<b>938,796</b>	<b>5,808,096</b>	<b>1,244,285</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,157,481</b>	<b>\$ 7,121,424</b>	<b>\$ 2,495,400</b>

See independent auditor's report

Alexander Terrace Apartments, IL, LTD	Bankhead Court Apartments, LTD	The Springs Apartments, LTD	Mountainside Apartments, LTD	South Community Builders, Inc.	Total
\$ 11,281	\$ 4,731	\$ 15,275	\$ 34,477	\$ 26,745	\$ 163,615
-	223	-	1,602	-	7,205
1,996	-	1,789	2,172	-	17,129
13,277	4,954	17,064	38,251	26,745	187,949
8,400	7,000	6,650	14,050	-	84,600
62,529	55,078	43,541	98,133	-	486,980
7,570	4,886	4,760	14,670	-	65,666
57,504	48,717	29,470	91,326	-	360,189
136,003	115,681	84,421	218,179	-	997,435
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	31,888	21,164,559
156,653	131,965	79,247	170,090	-	1,064,733
2,965,201	3,043,847	1,804,744	4,738,675	31,888	27,002,877
731,296	1,014,718	517,626	1,042,592	-	6,600,354
2,233,905	2,029,129	1,287,118	3,696,083	31,888	20,402,523
33,992	-	5,003	35,256	-	193,347
\$ 2,417,177	\$ 2,149,764	\$ 1,393,606	\$ 3,987,769	\$ 58,633	\$ 21,781,254
\$ 632	\$ 9,951	\$ 2,214	\$ 19,687	\$ -	\$ 54,099
34,149	54,605	23,605	70,057	-	259,728
6,035	5,520	3,704	8,930	-	47,812
7,738	9,518	11,348	3,830	-	127,118
48,554	79,594	40,871	102,504	-	488,757
8,400	7,000	6,650	14,050	-	84,600
-	-	-	-	314	314
70,613	112,786	-	-	-	444,528
1,223,201	1,064,656	676,699	1,991,072	-	8,211,893
1,302,214	1,184,442	683,349	2,005,122	314	8,741,335
1,066,409	885,728	669,386	1,880,143	58,319	12,551,162
\$ 2,417,177	\$ 2,149,764	\$ 1,393,606	\$ 3,987,769	\$ 58,633	\$ 21,781,254

**CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**SOUTHERN COMMUNITY BUILDERS, INC.**  
For the year ended December 31, 2012

	Pine Creek Apartments, LTD	Sophia's Landing Apartments, LTD	The Oaks Apartments, LTD
<b>REVENUES</b>			
Rent income	\$ 220,663	\$ 350,989	\$ 222,601
Tenant Charges	2,896	11,415	7,169
Interest income	194	425	154
Other	-	1,202	-
<b>TOTAL REVENUES</b>	<b>223,753</b>	<b>364,031</b>	<b>229,924</b>
<b>EXPENSES</b>			
Administrative	53,020	67,710	36,447
Utilities	9,487	10,553	7,818
Operating and maintenance	39,894	67,033	40,111
Taxes and insurance	26,987	54,362	27,917
Interest expense	38,102	85,484	51,095
Management fees	-	13,739	-
Depreciation expense	75,255	302,486	94,990
Amortization expense	-	10,889	-
<b>TOTAL EXPENSES</b>	<b>242,745</b>	<b>612,256</b>	<b>258,378</b>
<b>NET INCOME (LOSS)</b>	<b>(18,992)</b>	<b>(248,225)</b>	<b>(28,454)</b>
Net assets, beginning of year	959,071	6,059,159	1,272,739
	940,079	5,810,934	1,244,285
Distributions	1,283	2,838	-
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 938,796</b>	<b>\$ 5,808,096</b>	<b>\$ 1,244,285</b>

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
\$ 125,134	\$ 124,126	\$ 107,299	\$ 219,044	\$ -	\$ 1,369,856
2,950	6,235	1,150	6,153	-	37,968
26	16	14	120	-	949
-	128	-	1,159	57,243	59,732
128,110	130,505	108,463	226,476	57,243	1,468,505
27,684	34,037	28,874	53,412	110	301,294
5,673	7,544	5,193	31,106	-	77,374
33,754	31,319	22,127	52,957	-	287,195
22,003	20,505	15,400	38,792	-	205,966
23,209	15,498	19,964	20,225	-	253,577
-	-	1,688	17,832	-	33,259
90,249	82,750	53,455	136,883	-	836,068
3,070	-	476	4,139	-	18,574
205,642	191,653	147,177	355,346	110	2,013,307
(77,532)	(61,148)	(38,714)	(128,870)	57,133	(544,802)
1,144,941	946,876	710,923	2,010,430	1,186	13,105,325
1,067,409	885,728	672,209	1,881,560	58,319	12,560,523
1,000	-	2,823	1,417	-	9,361
\$ 1,066,409	\$ 885,728	\$ 669,386	\$ 1,880,143	\$ 58,319	\$ 12,551,162

**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, 2012**

	ADECA Funded Programs	Senior Service Programs	USDA Housing Preservation	Emergency Food & Shelter	Head Start	NeighborWorks
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>						
State of Alabama	\$ 3,075,264	\$ -	\$ -	\$ -	\$ 1,179,534	\$ -
Dept. of Health & Human Services	-	-	-	-	12,718,722	-
Corp. for National and Community Services	-	524,084	-	-	-	-
NeighborWorks America	-	-	-	-	-	171,628
US Department of Agriculture	-	-	75,783	-	-	-
Local United Way	-	27,262	-	-	-	-
Department of HUD	-	-	-	-	-	-
United Way of America	-	-	-	(1,214)	-	-
Other support	-	33,219	-	-	-	-
Interest income	-	-	-	-	-	-
Other revenues	-	13	-	-	341	-
Non-cash contributions	-	18,168	-	-	4,032,188	-
<b>TOTAL REVENUES, GAINS, AND OTHER SUPPORT</b>	<b>3,075,264</b>	<b>602,746</b>	<b>75,783</b>	<b>(1,214)</b>	<b>17,930,785</b>	<b>171,628</b>
<b>EXPENSES</b>						
Personnel costs:						
Salaries	243,741	74,236	-	-	7,458,803	8,237
Stipends	-	341,742	-	-	-	-
Benefits and payroll taxes	94,507	33,579	-	-	4,219,745	5,216
Contract services	183,974	3,364	38,150	-	78,543	89,077
<b>TOTAL PERSONNEL COSTS</b>	<b>522,222</b>	<b>452,921</b>	<b>38,150</b>	<b>-</b>	<b>11,757,091</b>	<b>102,530</b>
Travel and transportation costs	4,484	81,237	-	-	190,590	8,707
Space costs	37,693	10,002	-	-	2,395,171	15,529
Consumable supplies	238,653	1,977	37,633	-	267,458	2,651
Direct assistance	2,133,227	-	-	(1,214)	-	8,500
Other costs	85,326	42,476	-	-	2,345,148	50,700
Net transfers	15,067	-	-	-	-	-
Indirect costs	38,538	11,721	-	-	975,361	1,285
<b>TOTAL EXPENSES</b>	<b>3,075,210</b>	<b>600,334</b>	<b>75,783</b>	<b>(1,214)</b>	<b>17,930,819</b>	<b>189,902</b>
<b>CHANGE IN NET ASSETS</b>	<b>54</b>	<b>2,412</b>	<b>-</b>	<b>-</b>	<b>(34)</b>	<b>(18,274)</b>
Net assets (deficit), beginning of year	-	24,239	-	-	-	62,050
<b>NET ASSETS (DEFICIT), END OF YEAR</b>	<b>\$ 54</b>	<b>\$ 26,651</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (34)</b>	<b>\$ 43,776</b>

See independent auditor's report.



Alabama School Readiness	Meals On Wheels	HUD Housing Counseling	Alabama Disaster Case Management	Restricted Non-Federal Programs	Unrestricted Non-Federal Programs	Indirect Cost Program	TOTAL
\$ 405,014	\$ -	\$ -	\$ 1,370,599	\$ 13,533	\$ -	\$ -	\$ 6,043,944
-	-	-	-	-	-	-	12,718,722
-	-	-	-	-	-	-	524,084
-	-	8,372	-	-	100,000	-	280,000
-	-	-	-	-	-	-	75,783
-	107,022	-	-	475	-	-	134,759
-	-	10,399	-	-	-	-	10,399
-	-	-	-	-	-	-	(1,214)
-	137,779	-	-	56,278	-	-	227,276
-	-	-	-	-	6,397	-	6,397
-	-	-	-	19,189	592,943	-	612,486
-	-	-	-	-	-	-	4,050,356
405,014	244,801	18,771	1,370,599	89,475	699,340	-	24,682,992
295,228	79,907	17,874	935,856	-	173,099	538,960	9,825,941
-	-	-	-	-	-	-	341,742
94,490	55,489	5,288	159,516	(17)	58,551	178,970	4,905,334
-	2,800	68	2,492	2,150	42,569	63,546	506,733
389,718	138,196	23,230	1,097,864	2,133	274,219	781,476	15,579,750
2,267	68	476	31,577	-	4,185	33,765	357,356
-	15,227	3,774	63,587	-	26,585	46,948	2,614,516
8,818	11,099	69	17,401	3,149	20,509	39,371	648,788
-	-	-	-	48,043	-	-	2,188,556
4,211	126,592	3,150	160,170	23,059	287,701	149,551	3,278,084
-	-	(14,744)	-	13,533	(1)	-	13,855
-	12,630	2,816	-	-	8,759	(1,051,110)	-
405,014	303,812	18,771	1,370,599	89,917	621,957	1	24,680,905
-	(59,011)	-	-	(442)	77,383	(1)	2,087
(676)	274,911	4,007	-	90,996	256,281	-	711,808
\$ (676)	\$ 215,900	\$ 4,007	\$ -	\$ 90,554	\$ 333,664	\$ (1)	\$ 713,895



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, 2012

For the year ended December 31, 2012			
	Combining Schedule of Activities and Change in Net Assets - Parent	Increase (Decrease)	Statement of Activities and Change in Net Assets - Parent
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
State of Alabama	\$ 6,043,944	\$ -	\$ 6,043,944
Dept. of Health & Human Services	12,718,722	-	12,718,722
Corp. for National & Comm. Services	524,084	-	524,084
NeighborWorks America	280,000	-	280,000
U.S. Department of Agriculture	75,783	-	75,783
Local United Way	134,759	-	134,759
Department of HUD	10,399	-	10,399
United Way of America	(1,214)	-	(1,214)
Other support	227,276	-	227,276
Interest income	6,397	-	6,397
Other revenues	612,486	-	612,486
Non-cash contributions	4,050,356	-	4,050,356
<b>TOTAL REVENUES, GAINS, AND OTHER SUPPORT</b>	<b>24,682,992</b>	<b>-</b>	<b>24,682,992</b>
<b>EXPENSES</b>			
Personnel costs:			
Salaries	9,825,941	-	9,825,941
Stipends	341,742	-	341,742
Benefits and payroll taxes	4,905,334	-	4,905,334
Contract services	506,733	-	506,733
<b>TOTAL PERSONNEL COSTS</b>	<b>15,579,750</b>	<b>-</b>	<b>15,579,750</b>
Transportation costs	357,356	-	357,356
Space costs	2,614,516	-	2,614,516
Consumable supplies	648,788	-	648,788
Direct assistance	2,188,556	-	2,188,556
Other costs	3,278,084	(71,717)	(1) 3,206,367
Net Transfers	13,855	-	13,855
Depreciation expense	-	83,318	(1) 83,318
<b>TOTAL EXPENSES</b>	<b>24,680,905</b>	<b>11,601</b>	<b>24,692,506</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 2,087</b>	<b>\$ (11,601)</b>	<b>\$ (9,514)</b>

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.



INDEPENDENT AUDITOR'S 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  
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Certified Public Accountants & Financial Advisors

MEMBERS OF  
- AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
- ALABAMA SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of The Community Action Partnership of North Alabama, Inc. (a non-profit organization) and subsidiaries which comprise the consolidated statement of financial position as of December 31, 2012, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 5, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The Community Action Partnership of North Alabama, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated 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. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 consolidated 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*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness or the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
CERTIFIED PUBLIC ACCOUNTANTS  
Decatur, Alabama

June 5, 2013

## FEDERAL AWARDS



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

IRVIN R. STRICKLAND, CPA  
C. KENT QUINN, CPA PC  
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MEMBERS OF  
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Independent Auditor's Report on Compliance for Each Major Program and on  
Internal Control Over Compliance Required by OMB Circular A-133  
(Parent Organization Only)

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

**Report on Compliance for Each Major Federal Program**

We have audited The Community Action Partnership of North Alabama, Inc.'s ( a non-profit organization) compliance 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, 2012. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of The Community Action Partnership of North Alabama, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 on compliance for each major federal program. However, our audit does not provide a legal determination of The Community Action Partnership of North Alabama, Inc.'s compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, The Community Action Partnership of North Alabama, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

### **Report on 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 types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Community Action Partnership of North Alabama, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
CERTIFIED PUBLIC ACCOUNTANTS

Decatur, Alabama

June 5, 2013

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
THE COMMUNITY ACTION PARTNERSHIP  
OF NORTH ALABAMA, INC.  
For the year ended December 31, 2012

	<u>Federal CFDA Number</u>	<u>Grant No. or Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Direct programs:			
Head Start Program	93.600	04CH3145/45	\$ 6,711,224
Head Start Program	93.600	04CH3145/46	6,007,476
Total Head Start Program			<u>12,718,700</u>
Passed through the Alabama Department of Economic and Community Affairs:			
Low Income Home Energy Assistance	93.568	LI-021-12	2,030,076
Low Income Home Energy Assistance	93.568	LI-021-13	209,680
Community Services Block Grant	93.569	CS-021-12	293,491
			<u>2,533,247</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			15,251,947
<b>DEPARTMENT OF ENERGY</b>			
Passed through the Alabama Department of Economic and Community Affairs:			
Weatherization Assistance for Low-Income Persons	81.042	ARRADOE-021-09	541,964
TOTAL DEPARTMENT OF ENERGY			<u>541,964</u>
<b>DEPARTMENT OF AGRICULTURE</b>			
Passed Through the State Department of Education:			
Child Care Food Program - Head Start	10.558	690-H12	868,672
Child Care Food Program - Head Start	10.558	690-H12	310,862
TOTAL DEPARTMENT OF AGRICULTURE			<u>1,179,534</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED  
THE COMMUNITY ACTION PARTNERSHIP  
OF NORTH ALABAMA, INC.  
For the year ended December 31, 2012

	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	0SFSAL004	305,588
Senior Companion Program	94.016	10SCSAL001	218,496
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			524,084
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Rural Housing Preservation	10.433	HPG	75,783
Housing Counseling Assistance Program	14.169	HC12-0421-021	10,399
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			86,182
DEPARTMENT OF HOMELAND SECURITY			
DIRECT PROGRAMS			
Passed Through the State Department of Mental Health:			
Disaster Assistance Projects	97.088	12ALDCMP002	1,370,599
TOTAL DEPARTMENT OF HOMELAND SECURITY DIRECT PROGRAMS			1,370,599
DEPARTMENT OF TREASURY			
NeighborWorks America	21.000	N/A	280,000
TOTAL DEPARTMENT OF TREASURY			280,000
TOTAL FEDERAL AWARDS			\$ 19,234,310

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, 2012

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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, 2012

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**Section I - Summary of Auditor's Results**

***Financial Statements***

Type of auditors' report issued: Unqualified

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: \$ 577,029

93.600	Head Start Program
97.088	Disaster Assistance Projects

Does auditee qualify as low-risk auditee?   X   yes    \_\_\_\_\_ no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS -CONTINUED  
THE COMMUNITY ACTION PARTNERSHIP  
OF NORTH ALABAMA, INC.  
For the year ended December 31, 2012

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**Section II - Financial Statement Findings**

None Reported

**Section III - Federal Award Findings and Questioned Costs**

None Reported