

CONSOLIDATED FINANCIAL STATEMENTS
With Supplementary Information
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC. AND SUBSIDIARIES
DECATUR, ALABAMA
For the year ended December 31, 2015

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FINANCIAL SECTION

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, 2015, and the related consolidated statements of activities and change in net assets and cash flows for the year then ended, and the related notes to the consolidated 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 \$37,797,532 as of December 31, 2015 and total revenues of \$2,720,115 for the year ended December 31, 2015. 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, 2015, and the change 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 conducted for the purpose of forming an opinion on the consolidated financial statements 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 consolidated 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 and the opinion of other auditors, 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 *Government Auditing Standards*, we have also issued our report dated June 16, 2016, on our consideration of The 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 and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Community Action Partnership of North Alabama, Inc.'s internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS
Decatur, Alabama

June 16, 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC. AND SUBSIDIARIES
December 31, 2015

<u>ASSETS</u>	
CURRENT ASSETS	
Cash	\$ 1,673,209
Grants receivable	1,440,610
Other accounts receivable	128,461
Prepaid expenses	45,200
TOTAL CURRENT ASSETS	<u>3,287,480</u>
RESTRICTED ASSETS	
Restricted deposits and reserves	2,136,203
NONCURRENT ASSETS	
Notes receivable - related parties	3,564,768
Property and equipment - net	39,667,684
Other assets	437,241
Accumulated investment in partnerships	656,951
TOTAL NONCURRENT ASSETS	<u>44,326,644</u>
TOTAL ASSETS	<u><u>\$ 49,750,327</u></u>
<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES	
Accounts payable	\$ 152,420
Accrued interest	734,729
Other accrued expenses	947,635
Deferred revenue	1,136,365
Construction loan payable	848,424
Current portion of long-term debt	214,737
TOTAL CURRENT LIABILITIES	<u>4,034,310</u>
NONCURRENT LIABILITIES	
Tenant security deposits	159,647
Accumulated deficit investment in partnerships	22,012
Developer fees payable	935,342
Long-term debt - net	17,363,646
TOTAL NONCURRENT LIABILITIES	<u>18,480,647</u>
NET ASSETS	
Unrestricted	21,292,185
Temporarily restricted	5,328,185
Permanently restricted	615,000
TOTAL NET ASSETS	<u>27,235,370</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 49,750,327</u></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, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT				
State of Alabama	\$ -	\$ 6,995,997	\$ -	\$ 6,995,997
Dept. of Health & Human Services	-	19,225,958	-	19,225,958
Corporation for National and Community Service	-	495,214	-	495,214
NeighborWorks America	-	258,320	180,000	438,320
Local United Way	-	143,006	-	143,006
Department of HUD	-	10,866	-	10,866
Other support	-	1,891,494	-	1,891,494
Rent income	2,605,818	-	-	2,605,818
Other revenue	-	1,314,962	-	1,314,962
Non-cash contributions	-	5,515,692	-	5,515,692
Net assets released from restriction:				
Restrictions satisfied by payments	32,864,336	(32,864,336)	-	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	35,470,154	2,987,173	180,000	38,637,327
EXPENSES				
Personnel costs:				
Salaries	13,926,172	-	-	13,926,172
Stipends	311,437	-	-	311,437
Benefits and payroll taxes	7,149,405	-	-	7,149,405
Contract services	1,233,107	-	-	1,233,107
TOTAL PERSONNEL COSTS	22,620,121	-	-	22,620,121
Travel and transportation costs	501,129	-	-	501,129
Space costs	3,855,486	-	-	3,855,486
Consumable supplies	539,659	-	-	539,659
Direct assistance	2,193,477	-	-	2,193,477
Other costs	5,338,901	-	-	5,338,901
Interest expense	374,516	-	-	374,516
Rental property expenses	2,094,210	-	-	2,094,210
Depreciation and amortization expense	1,686,885	-	-	1,686,885
TOTAL EXPENSES	39,204,384	-	-	39,204,384
CHANGE IN NET ASSETS	(3,734,230)	2,987,173	180,000	(567,057)
Net assets, beginning of year	21,532,854	2,341,012	435,000	24,308,866
	17,798,624	5,328,185	615,000	23,741,809
Capital contributions - net	3,493,561	-	-	3,493,561
NET ASSETS, END OF YEAR	\$ 21,292,185	\$ 5,328,185	\$ 615,000	\$ 27,235,370

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, 2015

<u>Increase (Decrease) in Cash</u>	
Cash flows from operating activities:	
Change in net assets	\$ (567,057)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	1,686,885
Changes in operating assets and liabilities:	
Grants receivable	(900,166)
Other accounts receivable	(108,255)
Prepaid expenses	(58,217)
Other assets	5,948
Accounts payable and accrued expenses	(78,388)
Deferred revenue	877,399
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>858,149</u>
Cash flows from investing activities:	
Net deposits to reserve and escrow accounts	(175,313)
Purchase of property and equipment	(3,830,141)
NET CASH USED IN INVESTING ACTIVITIES	<u>(4,005,454)</u>
Cash flows from financing activities:	
Proceeds from long-term debt	3,379,010
Principal payments on long-term debt	(2,003,611)
Developer fee payments	(68,711)
Cash paid for other assets	(21,764)
Equity contributions	1,915,466
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>3,200,390</u>
NET INCREASE IN CASH	<u>53,085</u>
Cash, beginning of year	1,620,124
CASH, END OF YEAR	<u><u>\$ 1,673,209</u></u>
Supplemental Disclosures of Cash Flow Information:	
Cash paid during the year for interest	<u><u>\$ 297,142</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, 2015

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 consolidated 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, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. CLASSIFICATION OF NET ASSETS

Net assets, 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 consolidated statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that are 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. Permanently restricted net assets consist of NeighborWorks America Revolving Loan and Capital Projects funds. These funds are intended for making loans and funding capital projects. Only income derived from the capital assets is permitted to be transferred or expended.

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 consolidated statement of cash flows, the Agency and subsidiaries 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.

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, 2015

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 therefrom, 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.

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

Land improvements	10 to 20 years
Buildings and improvements	7 to 40 years
Furniture and equipment	3 to 25 years
Transportation equipment	5 to 10 years

J. DEFERRED REVENUE

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

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 2012 and after remain open and subject to examination by the Internal Revenue Service.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC. AND SUBSIDIARIES
December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

M. SUBSEQUENT EVENTS

Subsequent events for the parent organization have been evaluated through the report date, June 16, 2016, 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 through February 15, 2016, the date on which those financial statements were available for issuance.

NOTE 2 – SUBSIDIARIES

The Agency had the following wholly owned subsidiaries at December 31, 2015:

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 that the agency serves as the general partner.
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 forgoing. 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 is the sole member of the Company.
4. Southern Community Builders, Inc. – This is a for-profit regular corporation owned entirely by the Agency to serve as a general partner of various limited partnerships. The Agency has control through a majority voting interest. At December 31, 2015, the corporation was managing general partner in nine limited partnerships. The assets, liabilities and equity of these entities are included in the Agency's consolidated financial statements.
5. Reworx of North Alabama – This is a non-profit limited liability company owned entirely by the Agency. Reworx is dedicated to the safe, responsible, and environmentally conscious removal of e-waste, which includes computers, smart phones, office equipment, etc. Reworx was closed during the year ended December 31, 2015.

The above entities have been included in the consolidated financial statements of the Agency for the year ended December 31, 2015.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC. AND SUBSIDIARIES
December 31, 2015

NOTE 3 – CONCENTRATION OF CREDIT RISK

The Community Action Partnership of North Alabama Inc. and Subsidiaries maintains 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. At December 31, 2015, the Agency had approximately \$1,860,000 in uninsured balances. In May 2016, the Agency enrolled in the “SAFE” program, or Security for Alabama Funds Enhancement program encompassed in Title 41, Chapter 14A Code of Alabama 1975 as amended. The Agency believes it is not exposed to any significant credit risk on cash balances.

During the year ended December 31, 2015 the Agency received 18.1% and 49.8% of its total revenues, gains and support from the State of Alabama and the U. S. Department of Health and Human Services, respectively.

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:

Community Service Block Grant	\$ 17,878
Community Development Block Grant	7,203
Weatherization	57,284
Department of Housing & Urban Development - Housing Counseling	19,480
State of Alabama Department of Education - USDA	183,704
Alabama School Readiness	237,499
Neighborworks	12,074
Other	905,488
TOTAL GRANTS RECEIVABLE	<u>\$ 1,440,610</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC. AND SUBSIDIARIES
December 31, 2015

NOTE 5 – NOTES RECEIVABLE – RELATED PARTIES

The Agency has long-term notes receivable from the following Limited Liability Partnerships at December 31, 2015, 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
Oliver Place, LTD	575,000
Palmettos Way, LLC	390,000
Azalea Gardens, LLC	400,000
Loris Gardens, LLC	400,000
Millcreek Apartments, LTD	124,850
Wyndsor Downs, LLC	224,000
Millers Ridge, L.P.	360,000
TOTAL NOTES RECEIVABLE-RELATED PARTIES	<u>\$ 3,564,768</u>

NOTE 6 – PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2015 is as follows:

	Parent	Subsidiaries			
	Community Action Partnership of North Alabama	CAPNA Limited Liability Entity Investments	Property Holdings, LLC	Southern Community Builders, Inc.	Consolidated
Land	\$ 104,231	\$ 495,459	\$ 286,069	\$ 2,465,217	\$ 3,350,976
Land improvements	40,731	153,711	-	4,554,760	4,749,202
Buildings and improvements	4,770,960	10,772,217	645,117	29,198,030	45,386,324
Furniture and equipment	101,160	483,815	-	1,734,763	2,319,738
Transportation equipment	426,896	-	-	-	426,896
TOTAL PROPERTY AND EQUIPMENT	5,443,978	11,905,202	931,186	37,952,770	56,233,136
Less accumulated depreciation	788,533	5,687,671	149,538	9,939,710	16,565,452
PROPERTY AND EQUIPMENT - NET	<u>\$4,655,445</u>	<u>\$6,217,531</u>	<u>\$ 781,648</u>	<u>\$28,013,060</u>	<u>\$39,667,684</u>
Depreciation expense for each entity was charged to expenses as shown:	<u>\$ 121,797</u>	<u>\$ 332,869</u>	<u>\$ 15,128</u>	<u>\$ 1,217,091</u>	<u>\$ 1,686,885</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC. AND SUBSIDIARIES
December 31, 2015

NOTE 7 – LONG-TERM DEBT

The Community Action Partnership of North Alabama, Inc. and Subsidiaries' long-term debt at December 31, 2015 is as follows:

The Community Action Partnership of North Alabama, Inc.:

The Partnership has a \$1,080,870 mortgage note, secured by the Project. The note will be forgiven provided the partnership retains title to the property and its obligations are fulfilled. Otherwise, principal will be paid in full June 2034. This is an interest free note. \$ 1,080,870

The Partnership has a \$378,195 mortgage note, secured by the Project. The note will be forgiven provided the partnership retains title to the property and its obligations are fulfilled. Otherwise, principal will be paid in full May 2035. This is an interest free note. 378,195

The Partnership has a \$757,135 mortgage note, secured by the Project. The note will be forgiven provided the partnership retains title to the property and its obligations are fulfilled. Otherwise, principal will be paid in full May 2035. This is an interest free note. 757,135

TOTAL COMMUNITY ACTION PARTNSHIP OF
NORTH ALABAMA, INC. \$ 2,216,200

Property Holdings, LLC:

Note payable - Regions Bank, bearing interest at 4.75% per annum, payable in 60 monthly installments of \$1,246, maturing February 27, 2017. 18,034

TOTAL PROPERTY HOLDINGS, LLC 18,034

CAPNA Limited Liability Entity Investments:

Deer Run Apartments, LTD:

The Partnership has a \$110,467 mortgage note, secured by the Project, payable in monthly installments of \$2,377 including interest at 9.50%, payable through 2020. Substantially all of the rental property and equipment is pledged as collateral on the mortgage. 110,467

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC. AND SUBSIDIARIES
December 31, 2015

NOTE 7 – LONG-TERM DEBT - CONTINUED

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 1,075,544

Alexander Terrace Apartments, LTD:

The Partnership has a \$24,141 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. 24,141

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 681,141

Harbor Square Apartments, LTD:

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

Mound Plaza, LTD:

The Partnership has a \$565,786 mortgage note, secured by
the Project, payable in monthly installments of \$5,027
net of the interest subsidy at 9.5%, payable through 2039.
Substantially all of the rental property and equipment is
pledged as collateral on the mortgage.

565,786

Park Hill Apartments, LTD:

The Partnership has a \$1,080,000 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.

1,080,000

TOTAL CAPNA LIMITED LIABILITY ENTITY INVESTMENTS 4,768,471

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC. AND SUBSIDIARIES
December 31, 2015

NOTE 7 – LONG-TERM DEBT - CONTINUED

Southern Community Builders, Inc.

Pine Creek Apartments, LTD:

The Partnership has a \$271,359 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. 271,359

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 911,959

Sophia's Landing Apartments, LTD:

The Partnership has a \$1,198,363 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. 1,198,363

The Oaks Apartments, LTD:

The Partnership has a \$373,055 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. 373,055

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 906,155

Alexander Terrace Apartments, II, LTD:

The Partnership has a \$171,592 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. 171,592

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC. AND SUBSIDIARIES
December 31, 2015

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.

	<u>1,033,140</u>
TOTAL ALEXANDER TERRACE APARTMENTS, II, LTD	1,204,732

Bankhead Court Apartments, LTD:

The Partnership has a \$89,487 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.

	89,487
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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.

	<u>953,570</u>
TOTAL BANKHEAD COURT APARTMENTS, LTD	1,043,057

The Springs Apartments, LTD:

The Partnership has a \$161,119 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.

	161,119
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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.

	<u>486,380</u>
TOTAL THE SPRINGS APARTMENTS, LTD	647,499

Mountainside Apartments, LTD:

The Partnership has a \$111,725 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.

	111,725
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC. AND SUBSIDIARIES
December 31, 2015

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		<u>1,982,375</u>
The Village at Blackwell Farm, LTD:		
The Partnership has a \$229,078 mortgage note, secured by the Project, payable in monthly installments of \$1,771 including interest at 6.00%, payable through 2033. Substantially all of the rental property and equipment is pledged as collateral on the mortgage.		229,078
The Partnership has a \$1,297,430 second mortgage note, secured by the Project, under the State of Alabama's HOME Investment Partnership program payable in full in 2033, including interest which accrues at the rate of 1/2 of 1 percent per year.		1,297,430
TOTAL VILLAGE AT BLACKWELL FARM, LTD		<u>1,526,508</u>
The Village at Oliver Place, LTD:		
The Partnership has a \$575,000 mortgage note, secured by the Project, including interest at .50%, payable in full in 2044. At December 31, 2015 unpaid interest totaled \$3,857.		575,000
The Partnership has a \$580,030 second mortgage note, secured by the Project, under the State of Alabama's HOME Investment Partnership program payable in full in 2035, including interest which accrues at the rate of 1/2 of 1 percent per year.		580,030
TOTAL THE VILLAGE AT OLIVER PLACE, LTD		<u>1,155,030</u>
TOTAL SOUTHERN COMMUNITY BUILDERS, INC.		<u>10,575,678</u>
TOTAL LONG-TERM DEBT		17,578,383
Less current maturities on long-term debt		214,737
LONG-TERM DEBT - NET		<u>\$ 17,363,646</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC. AND SUBSIDIARIES
December 31, 2015

NOTE 7 – LONG-TERM DEBT - CONTINUED

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>
2016	\$ 214,737
2017	1,601,843
2018	1,988,638
2019	264,818
2020	1,791,358
2021 and thereafter	11,716,989
	<u>\$17,578,383</u>

NOTE 8 – CONSTRUCTION LOAN PAYABLE

The Agency has a \$1,500,000 construction loan payable, secured by the project, with interest only payments at 5.75%, payable through completion of the project. Outstanding principal as of December 31, 2015 was \$581,224.

The Village at Oliver Place, LTD has a \$3,031,630 construction loan payable, secured by the Project, with interest only payments at 5%, payable through January 2016. Outstanding principal as of December 31, 2015 was \$267,200.

NOTE 9 – DEFERRED REVENUE

Deferred revenue consisted of the following at December 31, 2015:

Department of Health & Human Services - Head Start	\$ 670,617
Department of Health & Human Services - Low-Income Home Energy Assistance	333,317
First Teacher Home Visiting Grant	132,431
TOTAL DEFERRED REVENUE	<u>\$ 1,136,365</u>

NOTE 10 – 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC. AND SUBSIDIARIES
December 31, 2015

NOTE 10 – DEFINED BENEFIT PENSION PLAN – CONTINUED

The Teachers' Retirement System was established October 1, 1941, under the provisions of Act Number 419, Acts of Alabama 1939, and amended by Act 2012-377 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, P.O. Box 302150, Montgomery, Alabama 36130-2150.

Funding Policy:

Tier 1 Employees and Tier 2 Employees of the Agency are required to contribute seven and one half percent and six percent of their salary, respectively, to the Teacher's Retirement System. Tier 1 Employees are employees hired before January 1, 2013 and Tier 2 Employees are employees hired after January 1, 2013. 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, 2015 as follows:

Contributions:	<u>Tier 1</u>	<u>Tier 2</u>
Percentage contributed by the Agency:		
For current year service:		
1/1/15-9/30/15	11.71%	11.08%
10/1/15-12/31/15	11.94%	10.84%
Percentage contributed by employees		
1/1/15-12/31/15	7.50%	6.00%
Tier 1 and Tier 2:		
Amount contributed by the Agency	\$1,481,798	
Amount contributed by employees	746,984	
TOTAL CONTRIBUTIONS	<u>\$2,228,782</u>	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC. AND SUBSIDIARIES
December 31, 2015

NOTE 11 – NON-CASH CONTRIBUTIONS

Non-cash contributions consisted of the following for the year ended December 31, 2015:

Space costs	\$ 2,553,730
Salaries and benefits	2,722,415
Miscellaneous	<u>239,547</u>
TOTAL NON-CASH CONTRIBUTIONS	<u><u>\$ 5,515,692</u></u>

NOTE 12 – 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, 2015 was \$384,414. The terms of the operating leases in effect as of December 31, 2015, 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>
2016	\$ 142,200
2017	142,200
2018	<u>130,350</u>
TOTAL FUTURE COMMITMENT	<u><u>\$ 414,750</u></u>

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

The Agency also rents facilities from Property Holdings, LLC, a related party, on a year to year agreement. During the year ended December 31, 2015 the total rent expense was \$14,954.

The Agency is also furnished certain facilities as non-cash contributions from various agencies. The value of these facilities for the year ended December 31, 2015, as reflected in the consolidated financial statements was approximately \$2,553,730.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC. AND SUBSIDIARIES
December 31, 2015

NOTE 13 – COMPENSATED ABSENCES – ACCRUED LEAVE

Certain programs of the Agency allow twelve-month employees up to five weeks of vacation 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 leave at December 31, 2015.

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, 2015. The following Limited Liability Entities had developer fees payable at December 31, 2015:

Pine Creek Apartments, LTD	\$ 81,247
The Oaks Apartments, LTD	129,316
Alexander Terrace II Apartments, LTD	52,745
The Village at Blackwell Farm, LTD	62,248
Bankhead Court Apartments, LTD	112,786
The Village at Oliver Place, LTD	497,000
TOTAL DEVELOPER FEES PAYABLE	<u>\$ 935,342</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 Alabama Housing Finance Authority (AHFA) approval. The balance in the Restricted Deposits and Reserves accounts at December 31, 2015 amounted to \$2,136,203.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC. AND SUBSIDIARIES
December 31, 2015

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 12/31/14</u>	<u>Share of Income (Loss) for 2015</u>	<u>Balance 12/31/15</u>
Community Action Partnership of North Alabama, Inc.:				
Saddle Ridge Apts, LTD	0.075%	\$ (11,326)	\$ (1)	\$ (11,327)
Northgate Place Apts, LTD	0.005%	(65)	(75)	(140)
Park Hill Apts, LTD	0.500%	(7,720)	7,720	-
Ivy Pointe Apts, LTD	0.490%	(4,090)	(88)	(4,178)
Hickory Run Apts, LTD	0.490%	(4,811)	(204)	(5,015)
Holly Pond Apts, LTD	0.005%	(15)	(2)	(17)
Holly Pond Apts. II, LTD	0.005%	(8)	(1)	(9)
Reform Manor, LTD	1.000%	(26)	(971)	(997)
Millers Ridge Apts, LP	0.010%	(215)	(8)	(223)
Loris Gardens, LLC	0.005%	(43)	(12)	(55)
Wyndsor Downs, LLC	0.001%	(59)	46	(13)
Palmettos Way, LLC	0.001%	(13)	(1)	(14)
Mountainside Apts, LTD	0.001%	(12)	(1)	(13)
Azalea Gardens, LLC	0.001%	(10)	(1)	(11)
TOTAL COMMUNITY ACTION PARTNERSHIP OF NORTH ALABAMA, INC.		(28,413)	6,401	(22,012)
Southern Community Builders, Inc.:				
Parkway Place Apts, LTD	0.001%	(36)	(2)	(38)
Pecan Cove Apts, LTD	0.001%	(72)	(8)	(80)
Harbor Pointe Apts, LTD	0.001%	(38)	(4)	(42)
Harbor Pointe Apts. II, LTD	0.001%	(7)	(2)	(9)
Greenwood Park, LTD	0.001%	(67)	(8)	(75)
Community Village I, LTD	0.001%	(96)	(12)	(108)
Sara's Ridge Apts, LTD	0.001%	(87)	(12)	(99)
Anne Place Apts, LTD	0.001%	(29)	(5)	(34)
Ivy Pointe Apts, LTD	44.930%	-	390,454	390,454
Hickory Run Apts, LTD	48.510%	-	266,982	266,982
TOTAL SOUTHERN COMMUNITY BUILDERS, INC.		(432)	657,383	656,951
TOTAL		\$ (28,845)	\$ 663,784	\$ 634,939

The investment in these limited partnerships is recorded using the equity method and costs adjusted for the Agency's 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, 2015

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, 2015, are as follows:

	Community Action Partnership of North Alabama	Southern Community Builders, Inc.	Total
Assets	\$ 23,575,202	\$ 48,469,372	\$ 72,044,574
Liabilities	16,796,632	18,345,681	35,142,313
Equity	<u>\$ 6,778,570</u>	<u>\$ 30,123,691</u>	<u>\$ 36,902,261</u>
Current year loss	<u>\$ (909,653)</u>	<u>\$ (1,824,298)</u>	<u>\$ (2,733,951)</u>

NOTE 17 – 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.

Tax Credits:

The Agency and Southern Community Builders, Inc. are partners in multiple apartment complexes that have received tax credits for low income housing. They are the general partner and guaranty for these tax credits. The Agency can be held responsible for noncompliance with the tax credits and be held liable for the entire amount of the credit. No provision has been made for any liabilities that may arise from noncompliance with the tax credits since the amounts, if any, cannot be determined at this date.

NOTE 18 – AUDITED FINANCIAL STATEMENTS OF OTHER AUDITORS

The consolidated financial statements of Southern Community Builders, Inc., with nine limited partnerships and CAPNA Limited Liability Entity Investments a division of The Community Action Partnership of North Alabama, Inc. with five 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, 2015 is presented below:

	Total Assets	Total Revenues
Southern Community Builders, Inc.	\$ 30,774,287	\$ 1,829,740
CAPNA Limited Liability Investments	7,023,245	890,375
TOTALS	<u>\$ 37,797,532</u>	<u>\$ 2,720,115</u>

SUPPLEMENTARY INFORMATION

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
THE COMMUNITY ACTION PARTNERSHIP OF NORTH ALABAMA, INC. AND SUBSIDIARIES
December 31, 2015

	Parent	Subsidiaries	
	Community Action Partnership of North Alabama, Inc.	CAPNA Limited Liability Entity Investments	North Alabama Community Partnership Fund, LLC
<u>ASSETS</u>			
CURRENT ASSETS			
Cash	\$ 1,345,902	\$ 116,117	\$ 31,486
Grants receivable	1,440,610	-	-
Other accounts receivable	87,040	6,334	43,649
Prepaid expenses	1,548	9,428	-
TOTAL CURRENT ASSETS	2,875,100	131,879	75,135
RESTRICTED ASSETS			
Restricted deposits and reserves	-	673,835	-
NONCURRENT ASSETS			
Accounts receivable - related parties	252,530	-	-
Notes receivable - related parties	3,564,768	-	-
Property and equipment - net	4,655,445	6,217,531	-
Other assets	75,000	-	-
Accumulated investment in partnerships	-	-	-
TOTAL NONCURRENT ASSETS	8,547,743	6,217,531	-
TOTAL ASSETS	\$ 11,422,843	\$ 7,023,245	\$ 75,135
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES			
Accounts payable	\$ 185	\$ 67,558	\$ -
Accrued interest	-	372,803	-
Other accrued expenses	888,174	14,870	-
Deferred revenue	1,136,365	-	-
Construction loan payable	581,224	-	-
Current portion of long-term debt	-	33,351	-
TOTAL CURRENT LIABILITIES	2,605,948	488,582	-
NONCURRENT LIABILITIES			
Accounts payable related parties	-	43,335	-
Tenant security deposits	-	49,347	-
Accumulated deficit investment in partnerships	22,012	-	-
Developer fees payable	-	-	-
Long-term debt - net	2,216,201	4,735,120	-
TOTAL NONCURRENT LIABILITIES	2,238,213	4,827,802	-
NET ASSETS			
Unrestricted	710,632	1,706,861	-
Temporarily restricted	5,253,050	-	75,135
Permanently restricted	615,000	-	-
TOTAL NET ASSETS	6,578,682	1,706,861	75,135
TOTAL LIABILITIES AND NET ASSETS	\$ 11,422,843	\$ 7,023,245	\$ 75,135

See independent auditor's report.

Property Holdings, LLC	Southern Community Builders, Inc.	Rework of North Alabama, LLC	Eliminations	Consolidated
\$ -	\$ 179,704	\$ -	\$ -	\$ 1,673,209
-	-	-	-	1,440,610
-	65,739	-	(74,301)	128,461
-	34,224	-	-	45,200
-	279,667	-	(74,301)	3,287,480
-	1,462,368	-	-	2,136,203
-	-	-	(252,530)	-
-	-	-	-	3,564,768
781,648	28,013,060	-	-	39,667,684
-	362,241	-	-	437,241
-	656,951	-	-	656,951
781,648	29,032,252	-	(252,530)	44,326,644
\$ 781,648	\$ 30,774,287	\$ -	\$ (326,831)	\$ 49,750,327
\$ -	\$ 110,835	\$ -	\$ (26,158)	\$ 152,420
-	361,926	-	-	734,729
-	44,591	-	-	947,635
-	-	-	-	1,136,365
-	267,200	-	-	848,424
14,415	166,971	-	-	214,737
14,415	951,523	-	(26,158)	4,034,310
257,338	-	-	(300,673)	-
-	110,300	-	-	159,647
-	-	-	-	22,012
-	935,342	-	-	935,342
3,619	10,408,706	-	-	17,363,646
260,957	11,454,348	-	(300,673)	18,480,647
506,276	18,368,416	-	-	21,292,185
-	-	-	-	5,328,185
-	-	-	-	615,000
506,276	18,368,416	-	-	27,235,370
\$ 781,648	\$ 30,774,287	\$ -	\$ (326,831)	\$ 49,750,327

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, 2015

	Parent	Subsidiaries	
	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	\$ 6,995,997	\$ -	\$ -
Dept. of Health & Human Services	19,225,958	-	-
Corporation for National and Community Service	495,214	-	-
NeighborWorks America	433,320	-	-
Local United Way	143,006	-	-
Department of HUD	10,866	-	-
Other support	1,891,494	-	-
Rent income	-	869,613	-
Other revenue	1,179,752	20,762	25,000
Non-cash contributions	5,515,692	-	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	35,891,299	890,375	25,000
EXPENSES			
Personnel costs:			
Salaries	13,926,172	-	-
Stipends	311,437	-	-
Benefits and payroll taxes	7,149,405	-	-
Contract services	1,233,107	-	-
TOTAL PERSONNEL COSTS	22,620,121	-	-
Travel and transportation costs	501,129	-	-
Space costs	3,869,308	-	-
Consumable supplies	539,659	-	-
Direct assistance	2,193,477	-	-
Other costs	5,389,984	-	45,356
Interest expense	-	45,482	-
Rental property expense	-	768,943	-
Depreciation and amortization expense	121,797	332,869	-
TOTAL EXPENSES	35,235,475	1,147,294	45,356
CHANGE IN NET ASSETS	655,824	(256,919)	(20,356)
Net assets (deficit), beginning of year	5,922,858	1,299,228	95,491
	6,578,682	1,042,309	75,135
Capital contributions (distributions)	-	664,552	-
NET ASSETS (DEFICIT), END OF YEAR	\$ 6,578,682	\$ 1,706,861	\$ 75,135

See independent auditor's report.

Property Holdings, LLC	Southern Community Builders, Inc.	Rework of North Alabama, LLC	Eliminations	Consolidated
\$ -	\$ -	\$ -	\$ -	\$ 6,995,997
-	-	-	-	19,225,958
-	-	-	-	495,214
-	5,000	-	-	438,320
-	-	-	-	143,006
-	-	-	-	10,866
-	-	-	-	1,891,494
14,955	1,736,205	-	(14,955)	2,605,818
-	88,535	913	-	1,314,962
-	-	-	-	5,515,692
14,955	1,829,740	913	(14,955)	38,637,327
-	-	-	-	13,926,172
-	-	-	-	311,437
-	-	-	-	7,149,405
-	-	-	-	1,233,107
-	-	-	-	22,620,121
-	-	-	-	501,129
-	1,133	-	(14,955)	3,855,486
-	-	-	-	539,659
-	-	-	-	2,193,477
-	419	(96,858)	-	5,338,901
1,231	327,803	-	-	374,516
-	1,325,267	-	-	2,094,210
15,128	1,217,091	-	-	1,686,885
16,359	2,871,713	(96,858)	(14,955)	39,204,384
(1,404)	(1,041,973)	97,771	-	(567,057)
507,680	16,581,380	(97,771)	-	24,308,866
506,276	15,539,407	-	-	23,741,809
-	2,829,009	-	-	3,493,561
\$ 506,276	\$ 18,368,416	\$ -	\$ -	\$ 27,235,370

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
CAPNA LIMITED LIABILITY ENTITY INVESTMENTS
December 31, 2015

<u>ASSETS</u>	Deer Run Apartments, LTD	Alexander Terrace Apartments, LTD	Harbor Square Apartments, LTD	Mound Plaza, LTD	Park Hill Apartments, LTD	Total
CURRENT ASSETS						
Cash	\$ 18,831	\$ 6,173	\$ 37,512	\$ 2,022	\$ 51,579	\$ 116,117
Accounts receivable	1,388	-	-	4,879	67	6,334
Prepaid expenses	2,633	1,793	2,491	-	2,511	9,428
TOTAL CURRENT ASSETS	22,852	7,966	40,003	6,901	54,157	131,879
RESTRICTED DEPOSITS AND RESERVES						
Security deposits held in trust	11,172	6,190	16,295	3,300	12,390	49,347
Replacement reserves	102,104	53,114	98,907	64,267	84,716	403,108
Tax and insurance escrow	8,947	4,473	9,446	2,897	9,976	35,739
Operating deficit reserve	53,697	25,869	50,835	-	55,240	185,641
TOTAL RESTRICTED DEPOSITS AND RESERVES	175,920	89,646	175,483	70,464	162,322	673,835
PROPERTY AND EQUIPMENT						
Land	156,100	45,000	200,000	17,059	77,300	495,459
Land improvements	6,267	143,214	2,115	-	2,115	153,711
Buildings	2,712,797	1,380,076	2,995,847	849,835	2,833,662	10,772,217
Furniture and equipment	189,962	95,411	106,966	4,540	86,936	483,815
TOTAL PROPERTY AND EQUIPMENT	3,065,126	1,663,701	3,304,928	871,434	3,000,013	11,905,202
Less accumulated depreciation	1,262,913	810,972	1,465,270	782,818	1,365,698	5,687,671
PROPERTY AND EQUIPMENT - NET	1,802,213	852,729	1,839,658	88,616	1,634,315	6,217,531
TOTAL ASSETS	\$ 2,000,985	\$ 950,341	\$ 2,055,144	\$ 165,981	\$ 1,850,794	\$ 7,023,245
<u>LIABILITIES AND NET ASSETS</u>						
CURRENT LIABILITIES						
Accounts payable	\$ 6,124	\$ -	\$ 20,034	\$ 10,816	\$ 30,584	\$ 67,558
Accrued interest	79,359	58,521	132,689	787	101,447	372,803
Other accrued expenses	3,924	2,702	2,973	1,717	3,554	14,870
Current portion of long-term debt	18,801	7,677	-	6,873	-	33,351
TOTAL CURRENT LIABILITIES	108,208	68,900	155,696	20,193	135,585	488,582
NONCURRENT LIABILITIES						
Tenant security deposits	11,172	6,190	16,295	3,300	12,390	49,347
Accounts payable related parties	-	-	-	43,335	-	43,335
Long-term debt - net	1,056,743	673,464	1,366,000	558,913	1,080,000	4,735,120
TOTAL NONCURRENT LIABILITIES	1,067,915	679,654	1,382,295	605,548	1,092,390	4,827,802
PARTNER'S EQUITY	824,862	201,787	517,153	(459,760)	622,819	1,706,861
TOTAL LIABILITIES AND NET ASSETS	\$ 2,000,985	\$ 950,341	\$ 2,055,144	\$ 165,981	\$ 1,850,794	\$ 7,023,245

See independent auditor's report.

CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
CAPNA LIMITED LIABILITY ENTITY INVESTMENTS
For the year ended December 31, 2015

	Deer Run Apartments, LTD	Alexander Terrace Apartments, LTD	Harbor Square Apartments, LTD	Mound Plaza, LTD	Park Hill Apartments, LTD	Total
REVENUES						
Rent income	\$ 206,488	\$ 97,713	\$ 230,519	\$ 100,036	\$ 234,857	\$ 869,613
Tenant charges	7,357	1,862	1,545	2,624	5,807	19,195
Interest income	378	100	77	170	239	964
Other	356	60	167	-	20	603
TOTAL REVENUES	214,579	99,735	232,308	102,830	240,923	890,375
EXPENSES						
Administrative	36,907	19,840	45,528	14,063	35,086	151,424
Utilities	17,626	3,669	10,570	6,014	42,616	80,495
Operating and maintenance	66,106	43,619	74,586	41,961	66,409	292,681
Taxes and insurance	24,682	16,197	24,143	13,472	27,971	106,465
Interest expense	16,656	5,771	7,456	9,721	5,878	45,482
Management fees	24,716	8,794	38,476	14,170	51,722	137,878
Depreciation expense	79,561	47,966	87,504	38,816	79,022	332,869
TOTAL EXPENSES	266,254	145,856	288,263	138,217	308,704	1,147,294
NET INCOME (LOSS)	(51,675)	(46,121)	(55,955)	(35,387)	(67,781)	(256,919)
Net assets (deficit), beginning of year	884,233	249,983	589,385	(424,373)	697,688	1,996,916
	832,558	203,862	533,430	(459,760)	629,907	1,739,997
Distributions	7,696	2,075	16,277	-	7,088	33,136
NET ASSETS (DEFICIT), END OF YEAR	\$ 824,862	\$ 201,787	\$ 517,153	\$ (459,760)	\$ 622,819	\$ 1,706,861

See independent auditor's report.

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

SOUTHERN COMMUNITY BUILDERS, INC.

December 31, 2015

		Pine Creek Apartments, LTD	Sophia's Landing Apartments, LTD	The Oaks Apartments, LTD	Alexander Terrace Apartments, II, LTD
<u>ASSETS</u>					
CURRENT ASSETS					
Cash		\$ 33,368	\$ 60,306	\$ 582	\$ 22,173
Accounts receivable		-	8,374	1,125	-
Prepaid expenses		1,647	24,811	-	570
TOTAL CURRENT ASSETS		35,015	93,491	1,707	22,743
RESTRICTED DEPOSITS AND RESERVES					
Security deposits held in trust		14,250	23,400	11,250	8,400
Replacement reserves		84,324	128,619	84,976	69,549
Tax and insurance escrow		10,337	7,594	2,991	8,643
Operating deficit reserve		-	118,593	54,000	48,795
TOTAL RESTRICTED DEPOSITS AND RESERVES		108,911	278,206	153,217	135,387
PROPERTY AND EQUIPMENT					
Land		279,770	732,893	255,000	109,540
Land improvements		112,973	1,574,314	156,243	475,719
Buildings		2,432,274	5,348,184	3,000,093	2,223,289
Furniture and equipment		87,788	352,300	127,448	163,675
TOTAL PROPERTY AND EQUIPMENT		2,912,805	8,007,691	3,538,784	2,972,223
Less accumulated depreciation		1,111,703	2,063,998	1,413,917	1,007,774
PROPERTY AND EQUIPMENT - NET		1,801,102	5,943,693	2,124,867	1,964,449
ACCUMULATED INVESTMENT IN PARTNERSHIP					
		-	-	-	-
OTHER ASSETS - NET					
		-	86,428	-	24,785
TOTAL ASSETS		<u>\$ 1,945,028</u>	<u>\$ 6,401,818</u>	<u>\$ 2,279,791</u>	<u>\$ 2,147,364</u>
<u>LIABILITIES AND NET ASSETS</u>					
CURRENT LIABILITIES					
Accounts payable		\$ -	\$ 44,321	\$ 54,000	\$ -
Accrued interest		49,702	-	41,603	49,214
Other accrued expenses		4,389	5,863	5,800	4,538
Construction loan payable		-	-	-	-
Current portion of long-term debt		40,797	20,307	58,128	9,261
TOTAL CURRENT LIABILITIES		94,888	70,491	159,531	63,013
NONCURRENT LIABILITIES					
Tenant security deposits		14,250	23,400	11,250	8,400
Accumulated deficit investment in partnership		-	-	-	-
Developer fees payable		81,247	-	129,316	52,745
Long-term debt - net		871,162	1,178,056	848,027	1,195,471
TOTAL NONCURRENT LIABILITIES		966,659	1,201,456	988,593	1,256,616
PARTNER'S NET ASSETS		883,481	5,129,871	1,131,667	827,735
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 1,945,028</u>	<u>\$ 6,401,818</u>	<u>\$ 2,279,791</u>	<u>\$ 2,147,364</u>

See independent auditor's report.

Bankhead Court Apartments, LTD	The Springs Apartments, LTD	Mountainside Apartments, LTD	The Village at Blackwell Farm, LTD	The Village at Oliver Place, LTD	Southern Community Builders, Inc.	Total
\$ 9,446	\$ 11,148	\$ 10,128	\$ 29,660	\$ 609	\$ 2,284	\$ 179,704
638	-	1,602	-	-	54,000	65,739
-	-	3,639	3,557	-	-	34,224
<u>10,084</u>	<u>11,148</u>	<u>15,369</u>	<u>33,217</u>	<u>609</u>	<u>56,284</u>	<u>279,667</u>
7,900	7,350	13,750	16,500	7,500	-	110,300
61,764	43,560	98,284	180,272	16,177	-	767,525
701	7,134	17,094	12,682	190	-	67,366
<u>48,738</u>	<u>28,731</u>	<u>78,832</u>	<u>94,803</u>	<u>44,685</u>	<u>-</u>	<u>517,177</u>
<u>119,103</u>	<u>86,775</u>	<u>207,960</u>	<u>304,257</u>	<u>68,552</u>	<u>-</u>	<u>1,462,368</u>
164,000	60,000	154,882	636,132	73,000	-	2,465,217
229,592	130,190	338,469	996,260	541,000	-	4,554,760
2,518,290	1,535,307	4,075,234	4,960,290	3,073,180	31,889	29,198,030
<u>135,645</u>	<u>79,094</u>	<u>179,016</u>	<u>426,750</u>	<u>183,047</u>	<u>-</u>	<u>1,734,763</u>
<u>3,047,527</u>	<u>1,804,591</u>	<u>4,747,601</u>	<u>7,019,432</u>	<u>3,870,227</u>	<u>31,889</u>	<u>37,952,770</u>
<u>1,259,464</u>	<u>655,719</u>	<u>1,446,584</u>	<u>827,324</u>	<u>153,227</u>	<u>-</u>	<u>9,939,710</u>
<u>1,788,063</u>	<u>1,148,872</u>	<u>3,301,017</u>	<u>6,192,108</u>	<u>3,717,000</u>	<u>31,889</u>	<u>28,013,060</u>
-	-	-	-	-	656,951	656,951
-	3,573	22,840	113,822	71,877	38,916	362,241
<u>\$ 1,917,250</u>	<u>\$ 1,250,368</u>	<u>\$ 3,547,186</u>	<u>\$ 6,643,404</u>	<u>\$ 3,858,038</u>	<u>\$ 784,040</u>	<u>\$ 30,774,287</u>
\$ 7,900	\$ 574	\$ -	\$ 2,040	\$ 2,000	\$ -	\$ 110,835
69,684	31,293	99,266	16,830	4,334	-	361,926
8,794	2,666	6,557	5,391	593	-	44,591
-	-	-	-	267,200	-	267,200
<u>12,201</u>	<u>14,523</u>	<u>4,891</u>	<u>6,863</u>	<u>-</u>	<u>-</u>	<u>166,971</u>
<u>98,579</u>	<u>49,056</u>	<u>110,714</u>	<u>31,124</u>	<u>274,127</u>	<u>-</u>	<u>951,523</u>
7,900	7,350	13,750	16,500	7,500	-	110,300
-	-	-	-	-	-	-
112,786	-	-	62,248	497,000	-	935,342
<u>1,030,856</u>	<u>632,976</u>	<u>1,977,484</u>	<u>1,519,644</u>	<u>1,155,030</u>	<u>-</u>	<u>10,408,706</u>
<u>1,151,542</u>	<u>640,326</u>	<u>1,991,234</u>	<u>1,598,392</u>	<u>1,659,530</u>	<u>-</u>	<u>11,454,348</u>
667,129	560,986	1,445,238	5,013,888	1,924,381	784,040	18,368,416
<u>\$ 1,917,250</u>	<u>\$ 1,250,368</u>	<u>\$ 3,547,186</u>	<u>\$ 6,643,404</u>	<u>\$ 3,858,038</u>	<u>\$ 784,040</u>	<u>\$ 30,774,287</u>

CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS

SOUTHERN COMMUNITY BUILDERS, INC.

For the year ended December 31, 2015

	Pine Creek Apartments, LTD	Sophia's Landing Apartments, LTD	The Oaks Apartments, LTD	Alexander Terrace Apartments, II, LTD
REVENUES				
Rent income	\$ 237,217	\$ 379,815	\$ 218,599	\$ 140,907
Tenant charges	1,273	8,150	5,248	2,276
Interest income	80	452	74	17
Other	-	625	-	-
TOTAL REVENUES	238,570	389,042	223,921	143,200
EXPENSES				
Administrative	36,474	92,664	20,125	25,308
Utilities	9,931	10,942	10,716	4,891
Operating and maintenance	49,582	79,455	66,685	44,670
Taxes and insurance	29,357	53,281	25,800	24,832
Interest expense	28,747	81,694	37,736	21,056
Management fees	18,977	27,057	12,019	9,750
Depreciation expense	72,058	249,668	93,459	92,672
Amortization expense	-	10,889	-	3,069
TOTAL EXPENSES	245,126	605,650	266,540	226,248
NET INCOME (LOSS)	(6,556)	(216,608)	(42,619)	(83,048)
Net assets, beginning of year	892,928	5,350,440	1,174,286	911,783
	886,372	5,133,832	1,131,667	828,735
Contributions(Distributions)	(2,891)	(3,961)	-	(1,000)
NET ASSETS, END OF YEAR	\$ 883,481	\$ 5,129,871	\$ 1,131,667	\$ 827,735

See independent auditor's report.

Bankhead Court Apartments, LTD	The Springs Apartments, LTD	Mountainside Apartments, LTD	The Village at Blackwell Farm, LTD	The Village at Oliver Place, LTD	Southern Community Builders, Inc.	Total
\$ 128,097	\$ 117,562	\$ 242,281	\$ 221,800	\$ 42,127	\$ 7,800	\$ 1,736,205
4,644	514	4,099	1,619	425	-	28,248
11	9	67	137	32	-	879
87	-	3,190	5,665	-	54,841	64,408
132,839	118,085	249,637	229,221	42,584	62,641	1,829,740
17,691	21,526	48,899	39,954	22,490	5,116	330,247
11,056	5,563	36,522	33,939	16,928	429	140,917
49,232	32,522	81,812	52,423	19,470	-	475,851
22,559	15,894	42,989	36,961	592	305	252,570
13,048	16,710	19,352	20,748	88,712	-	327,803
8,967	10,609	19,641	16,897	3,317	-	127,234
81,151	46,242	127,458	275,774	147,279	-	1,185,761
-	477	4,138	8,872	3,885	-	31,330
203,704	149,543	380,811	485,568	302,673	5,850	2,871,713
(70,865)	(31,458)	(131,174)	(256,347)	(260,089)	56,791	(1,041,973)
737,994	595,956	1,577,945	5,270,235	-	69,813	16,581,380
667,129	564,498	1,446,771	5,013,888	(260,089)	126,604	15,539,407
-	(3,512)	(1,533)	-	2,184,470	657,436	2,829,009
\$ 667,129	\$ 560,986	\$ 1,445,238	\$ 5,013,888	\$ 1,924,381	\$ 784,040	\$ 18,368,416

COMBINING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
THE COMMUNITY ACTION PARTNERSHIP OF NORTH ALABAMA
(Parent Organization Only)
For the year ended December 31, 2015

	ADECA Funded Programs	Senior Service Programs	Head Start	NeighborWorks	Alabama School Readiness
REVENUES, GAINS, AND OTHER SUPPORT					
State of Alabama	\$ 2,629,911	\$ 2,328	\$ 1,730,236	\$ -	\$ 2,418,235
Dept. of Health & Human Services	-	-	19,225,958	-	-
Corp. for National and Community Services	-	495,214	-	-	-
NeighborWorks America	30,438	-	-	360,581	-
Local United Way	-	25,107	-	-	-
Department of HUD	-	-	-	-	-
Other support	-	22,080	-	-	-
Interest income	-	-	-	-	-
Other revenues	-	300	-	9,000	53,833
Non-cash contributions	-	43,512	5,311,280	-	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	2,660,349	588,541	26,267,474	369,581	2,472,068
EXPENSES					
Personnel costs:					
Salaries	332,491	74,164	11,349,919	-	1,044,328
Stipends	-	311,437	-	-	-
Benefits and payroll taxes	142,415	21,283	5,964,663	-	636,103
Contract services	59,575	10,944	471,078	47,782	373,690
TOTAL PERSONNEL COSTS	534,481	417,828	17,785,660	47,782	2,054,121
Travel and transportation costs	14,674	80,597	314,960	826	26,480
Space costs	65,142	20,196	3,512,273	9,804	26,491
Consumable supplies	70,859	2,114	248,319	6,675	139,964
Direct assistance	1,865,473	-	-	75,000	-
Other costs	73,083	53,907	3,163,777	155,735	39,945
Net transfers	-	-	-	-	-
Indirect costs	36,676	8,564	1,311,423	-	35,733
TOTAL EXPENSES	2,660,388	583,206	26,336,412	295,822	2,322,734
CHANGE IN NET ASSETS	(39)	5,335	(68,938)	73,759	149,334
Net assets (deficit), beginning of year	(1,606)	22,022	(8,315)	336,234	17,197
NET ASSETS (DEFICIT), END OF YEAR	\$ (1,645)	\$ 27,357	\$ (77,253)	\$ 409,993	\$ 166,531

See independent auditor's report.

Meals On Wheels	HUD Housing Counseling	Disaster Assistance	Restricted Non-Federal Programs	Unrestricted Non-Federal Programs	Indirect Cost Program	TOTAL
\$ -	\$ -	\$ 199,971	\$ 15,316	\$ -	\$ -	\$ 6,995,997
-	-	-	-	-	-	19,225,958
-	-	-	-	-	-	495,214
-	42,301	-	-	-	-	433,320
117,899	-	-	-	-	-	143,006
-	10,866	-	-	-	-	10,866
158,795	-	-	48,532	1,662,087	-	1,891,494
-	-	-	-	111	-	111
250	550	-	7,318	1,108,390	-	1,179,641
-	-	-	-	160,900	-	5,515,692
276,944	53,717	199,971	71,166	2,931,488	-	35,891,299
79,015	27,183	15,735	-	304,760	698,577	13,926,172
-	-	-	-	-	-	311,437
43,957	9,292	5,856	-	104,379	221,457	7,149,405
3,061	503	3,975	325	156,926	105,248	1,233,107
126,033	36,978	25,566	325	566,065	1,025,282	22,620,121
40	1,380	856	4,737	13,782	42,797	501,129
31,318	16,176	2,254	-	79,823	105,831	3,869,308
12,458	185	354	864	13,110	44,757	539,659
-	-	197,276	55,728	-	-	2,193,477
128,122	6,756	1,394	906	1,892,154	196,254	5,712,033
-	(7,846)	-	9,080	43	-	1,277
9,527	3,250	2,057	-	16,110	(1,423,340)	-
307,498	56,879	229,757	71,640	2,581,087	(8,419)	35,437,004
(30,554)	(3,162)	(29,786)	(474)	350,401	8,419	454,295
168,813	7,034	(27)	76,306	145,326	1,965	764,949
\$ 138,259	\$ 3,872	\$ (29,813)	\$ 75,832	\$ 495,727	\$ 10,384	\$ 1,219,244

RECONCILIATION OF COMBINING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS

THE COMMUNITY ACTION PARTNERSHIP OF NORTH ALABAMA

(Parent Organization Only)

For the year ended December 31, 2015

For the year ended December 31, 2015			
	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	\$ 6,995,997	\$ -	\$ 6,995,997
Dept. of Health & Human Services	19,225,958	-	19,225,958
Corp. for National & Comm. Services	495,214	-	495,214
NeighborWorks America	433,320	-	433,320
Local United Way	143,006	-	143,006
Department of HUD	10,866	-	10,866
Other support	1,891,494	-	1,891,494
Interest income	111	-	111
Other revenues	1,179,641	-	1,179,641
Non-cash contributions	5,515,692	-	5,515,692
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	35,891,299	-	35,891,299
EXPENSES			
Personnel costs:			
Salaries	13,926,172	-	13,926,172
Stipends	311,437	-	311,437
Benefits and payroll taxes	7,149,405	-	7,149,405
Contract services	1,233,107	-	1,233,107
TOTAL PERSONNEL COSTS	22,620,121	-	22,620,121
Transportation costs	501,129	-	501,129
Space costs	3,869,308	-	3,869,308
Consumable supplies	539,659	-	539,659
Direct assistance	2,193,477	-	2,193,477
Other costs	5,712,033	(323,326)	(1) 5,388,707
Net transfers	1,277	-	1,277
Depreciation expense	-	121,797	(1) 121,797
TOTAL EXPENSES	35,437,004	(201,529)	35,235,475
CHANGE IN NET ASSETS	\$ 454,295	\$ 201,529	\$ 655,824

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
ANTHONY T. LAW, CPA PC
JOSEPH V. WYNN, CPA PC
LYNN H. REEVES, CPA PC

**WEAR, HOWELL, STRICKLAND,
QUINN & LAW, LLC**
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, 2015, 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 16, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated 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 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.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS
Decatur, Alabama

June 16, 2016

FEDERAL AWARDS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

**WEAR, HOWELL, STRICKLAND,
QUINN & LAW, LLC**
Certified Public Accountants & Financial Advisors

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

**Independent Auditor's Report on Compliance For Each Major Program and on
Internal Control Over Compliance Required by the Uniform Guidance
(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) *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, 2015. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2015.


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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS
Decatur, Alabama

June 16, 2016

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC.
For the year ended December 31, 2015

	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	04CH4655/02	\$ 6,466,648
Head Start Program	93.600	04CH4700/01	92,500
Head Start Program	93.600	04CH4700/02	495,697
Head Start Program	93.600	04CH4646/03	2,604,009
Head Start Program	93.600	04CH4745/03	404,704
Head Start Program	93.600	04CH4745/02	1,687,945
Head Start Program	93.600	04CH4655/03	6,594,813
Head Start Program	93.600	04CH4646/02	879,642
Total Head Start Program			<u>19,225,958</u>
Passed through the Alabama Department of Economic and Community Affairs:			
Weatherization Assistance for Low-Income Persons	93.568	LIWAP-021-15	6,262
Weatherization Assistance for Low-Income Persons	93.568	LIWAP-021-14	18,835
Low Income Home Energy Assistance	93.568	LI-021-16	114,999
Low Income Home Energy Assistance	93.568	LI-021-15	1,781,880
Community Services Block Grant	93.569	CS-021-16	18,878
Community Services Block Grant	93.569	CS-021-15	522,144
Community Services Block Grant	93.569	CS-021-14	42,913
			<u>2,505,911</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			21,731,869
DEPARTMENT OF ENERGY			
Passed through the Alabama Department of Economic and Community Affairs:			
Weatherization Assistance for Low-Income Persons	81.042	DOE-021-13	83,938
Weatherization Assistance for Low-Income Persons	81.042	DOE-021-15	26,861
TOTAL DEPARTMENT OF ENERGY			<u>110,799</u>
DEPARTMENT OF AGRICULTURE			
Passed Through the State Department of Education:			
Child Care Food Program - Head Start	10.558	AAD-0000	396,708
Child Care Food Program - Head Start	10.558	AAD-0000	1,333,528
Summer Food Service Program for Children	10.559	N/A	4,717
TOTAL DEPARTMENT OF AGRICULTURE			<u>1,734,953</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC.
For the year ended December 31, 2015

	Federal CFDA Number	Grant No. or Pass-Through Grantor's Number	Federal Expenditures
FOSTER GRANDPARENTS/SENIOR COMPANION CLUSTER			
THE CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Foster Grandparent Program	94.011	13SFAL003	259,491
Foster Grandparent Program	94.011	10SFAL005	31,888
Senior Companion Program	94.016	13SCSAL001	203,835
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			495,214
TOTAL FOSTER GRANDPARENTS/SENIOR COMPANION CLUSTER			495,214
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Housing Counseling Assistance Program	14.169	HC14-0421-045	10,866
Passed through the Alabama Department of Economic and Community Affairs: Community Development Block Grant	14.228	DTR-PS-12-001	199,971
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			210,837
DEPARTMENT OF TREASURY			
NeighborWorks America	21.000	N/A	346,558
TOTAL DEPARTMENT OF TREASURY			346,558
TOTAL FEDERAL AWARDS			\$ 24,630,230

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, 2015

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. The modified accrual basis differs from the full accrual basis of accounting in that expenditures for property and equipment are expensed with incurred, rather than being capitalized and depreciated over their useful lives. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Agency has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 – NONCASH ASSISTANCE, INSURANCE, AND LOANS

The Agency (the Parent organization only) did not receive any noncash awards during the year ended December 31, 2015. The Agency also did not have any insurance guarantees, or loans, or loan guarantees outstanding at December 31, 2015.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
THE COMMUNITY ACTION PARTNERSHIP
OF NORTH ALABAMA, INC.
For the year ended December 31, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued: Unmodified

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: Unmodified

Any audit findings disclosed that are required to be
reported in accordance with the Uniform Guidance,
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:

\$750,000

93.600

Head Start

94.011

Foster Grandparent Program

94.016

Senior Companion Program

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, 2015

Section II - Financial Statement Findings

None Reported

Section III - Federal Award Findings and Questioned Costs

None Reported