

NORTHWEST MONTANA HUMAN RESOURCES, INC.  
DBA

COMMUNITY ACTION PARTNERSHIP  
OF NORTHWEST MONTANA

Audited Consolidated  
Financial Statements and  
Compliance Reports

December 31, 2012 and 2011



Loren W. Randall, P.C.  
Certified Public Accountant

NORTHWEST MONTANA HUMAN RESOURCES, INC.  
DBA

COMMUNITY ACTION PARTNERSHIP  
OF NORTHWEST MONTANA

**Audited Consolidated  
Financial Statements and  
Compliance Reports**

December 31, 2012 and 2011

NORTHWEST MONTANA HUMAN RESOURCES, INC.  
DBA COMMUNITY ACTION PARTNERSHIP OF NORTHWEST MONTANA  
December 31, 2012

Board of Directors  
(Seated as of December 31, 2012)

Faith Hodges, President  
Duane Lutke, Vice President  
Linda Landrum, Secretary Treasurer  
Ethel White , Director  
Marianne Roose, Director  
Ernest Scherzer, Director  
Ann Brower, Director  
Glen Magera, Director  
Holly Walsh, Director  
Kate Huntsberger, Director  
Rene Funk, Director  
Laura Burrowes, Director

Management

Douglas D. Rauthe, Executive Director  
Jane A. Nolan, CPA, Chief Financial/Development Officer  
M. Celeste Hauser, Personnel Officer  
Leslie DeWitt, Director of Employment & Training  
Margaret Jones, Director of Weatherization  
Marney McCleary, Director of Housing  
Cassidy Kipp, Program Manager Personal Touch Homecare  
Kim DeWitt, Program Manager, Fuel Assistance  
Karen Nosek, Program Manager, WoRC  
Hanna Tester, Financial Literacy Program Manager  
Danielle Maiden, Development Director  
Vicki Offerdahl, IT Administrator

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*A Non-Profit Community Action Partner Providing Opportunities for Self-sufficiency*

NORTHWEST MONTANA HUMAN RESOURCES, INC.  
DBA COMMUNITY ACTION PARTNERSHIP OF NORTHWEST MONTANA  
Kalispell Montana

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Loren W. Randall, P.C.  
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Northwest Montana Human Resources, Inc.  
dba Community Action Partnership of Northwest Montana  
P.O. Box 8300  
Kalispell, Montana 59904-1300

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Northwest Montana Human Resources, Inc. dba Community Action Partnership of Northwest Montana, and its affiliate (Agency), which comprise the consolidated statement of financial position as of December 31, 2012 and 2011, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 audits 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, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Agency and its affiliate as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Emphasis of Matter- Change in Reporting Entity*

We draw attention to Note 1.A. of the financial statements, which describes the principles of consolidation of the entity and its affiliate. The accompanying consolidated financial statements include the assets, liabilities, net assets, and financial activities of the Northwest Montana Human Resources, Inc. dba Community Action Partnership of Northwest Montana and its affiliate, the Northwest Montana Community Land Trust, Inc. for the years ending December 31, 2012 and 2011, as allowed by accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### *Other Matters*

#### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedules of individual programs as listed in the Table of Contents, is presented for the purposes of additional analysis and are 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, 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 6, 2013 on our consideration of the Agency'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.



Loren W. Randall, P.C.  
Certified Public Accountants

Missoula, Montana  
June 6, 2013

NORTHWEST MONTANA HUMAN RESOURCES, INC.  
 DBA COMMUNITY ACTION PARTNERSHIP OF NORTHWEST MONTANA  
 Kalispell, Montana

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
 As of December 31

ASSETS	<u>2012</u>	<u>2011</u>
Cash and Cash Equivalents	\$ 3,246,230	\$ 2,307,969
Investment in Certificate of Deposit	119,431	113,659
Accounts Receivable	94,591	199,694
Employee Advances	0	181
Grants Receivable	1,027,806	546,460
Prepaid Expenses	45,781	235,637
Inventory of Homes for Resale	1,184,740	1,800,699
Inventory of Land for Mutual Self-Help Housing	508,763	822,333
Loans Receivable (Net of Allowance for Doubtful Accounts)	1,272,194	1,256,838
Equipment (Net of Depreciation)	215,396	264,424
Land and Buildings (Net of Depreciation)	<u>1,954,270</u>	<u>1,708,119</u>
 TOTAL ASSETS	 <u>\$ 9,669,202</u>	 <u>\$ 9,256,013</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Trade Accounts Payable	\$ 141,070	\$ 132,692
Due to Grantor/Funds Held in Trust	828,897	811,198
Salaries and Compensated Absences Payable	250,783	267,657
Deferred Revenue	14,175	14,366
Long-Term Debt	<u>1,965,212</u>	<u>1,555,638</u>
 TOTAL LIABILITIES	 <u>\$ 3,200,137</u>	 <u>\$ 2,781,551</u>
 NET ASSETS		
Unrestricted	\$ 5,628,520	\$ 5,517,274
Temporarily Restricted	<u>840,545</u>	<u>957,188</u>
 TOTAL NET ASSETS	 <u>\$ 6,469,065</u>	 <u>\$ 6,474,462</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 9,669,202</u>	 <u>\$ 9,256,013</u>

The accompanying notes are an integral part  
of these financial statements.



NORTHWEST MONTANA HUMAN RESOURCES, INC.  
DBA COMMUNITY ACTION PARTNERSHIP OF NORTHWEST MONTANA  
Kalispell, Montana

CONSOLIDATED STATEMENTS OF ACTIVITY  
For the Years Ended December 31

	<u>2012</u>	<u>2011</u>
UNRESTRICTED NET ASSETS		
OPERATING REVENUES		
Program Grants	\$ 4,251,467	\$ 4,629,036
Contracts	1,675,970	3,053,779
Sale of Homes	1,107,644	0
Sale of Land to Mutual Self-Help Families	332,500	285,000
Contributions	4,991	19,152
Interest	27,091	28,361
Other	53,633	5,334
Net Assets Released from Restrictions	147,548	7,180
TOTAL OPERATING REVENUES	<u>\$ 7,600,844</u>	<u>\$ 8,027,842</u>
OPERATING EXPENSES		
Program Services		
Community Services	\$ 512,120	\$ 401,794
Energy Programs	1,931,833	2,651,388
Job Training Programs	1,069,896	962,229
Housing Programs	2,492,285	1,398,192
In-Home Assistance Programs	837,700	1,552,947
Supporting Services		
General Administration	645,764	795,960
TOTAL OPERATING EXPENSES	<u>\$ 7,489,598</u>	<u>\$ 7,762,510</u>
INCREASE/(DECREASE) IN UNRESTRICTED NET ASSETS	<u>\$ 111,246</u>	<u>\$ 265,332</u>
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	\$ 30,905	\$ 953,369
Net Assets Released from Restrictions	(147,548)	(7,180)
INCREASE/(DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u>\$ (116,643)</u>	<u>\$ 946,189</u>
TOTAL INCREASE/(DECREASE) IN NET ASSETS	(5,397)	1,211,521
NET ASSETS AT BEGINNING OF YEAR, as Restated (See Note 17)		
Unrestricted	\$ 5,517,274	\$ 5,251,942
Temporarily Restricted	957,188	10,999
TOTAL NET ASSETS AT BEGINNING OF YEAR	<u>\$ 6,474,462</u>	<u>\$ 5,262,941</u>
NET ASSETS AT END OF YEAR		
Unrestricted	\$ 5,628,520	\$ 5,517,274
Temporarily Restricted	840,545	957,188
TOTAL NET ASSETS AT END OF YEAR	<u>\$ 6,469,065</u>	<u>\$ 6,474,462</u>

The accompanying notes are an integral part  
of these financial statements.

NORTHWEST MONTANA HUMAN RESOURCES, INC.  
DBA COMMUNITY ACTION PARTNERSHIP OF NORTHWEST MONTANA  
Kalispell, Montana

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2012

	Community Services	Energy Programs	Job Training Programs	Housing Programs	In-Home Assistance Programs	Total Expenses
<b>PROGRAM SERVICES</b>						
Salaries and Wages	\$ 147,520	612,983	605,124	380,111	184,062	1,929,800
Health Insurance	21,884	72,355	85,004	54,415	14,683	248,341
TSA Contributions	7,717	16,108	18,388	6,245	859	49,317
Payroll Taxes	36,951	117,989	59,250	62,377	23,478	300,045
Contracted Services	32,518	7,388	4,095	69,802	2,864	116,667
Rent/Utilities	-	55,665	18,972	20,688	1,754	97,079
Supplies, Service & Repairs	20,422	28,345	14,490	41,360	13,809	118,426
Legal Assistance	1,863	-	-	24,085	-	25,948
Depreciation	96,914	5,654	385	6,558	108	109,619
Telephone / Internet	3,485	16,999	12,036	7,004	2,906	42,430
Travel and Training	21,201	74,066	14,206	25,350	3,552	138,375
Interest	48,549	-	-	18,214	-	66,763
Property/General Liability Insurance	-	9,787	-	24,064	171	34,022
Bad Debts	1,525	-	-	16,506	3,440	21,471
Home Weatherization	-	456,480	-	12,230	-	468,710
Fuel Assistance	-	447,850	-	-	-	447,850
Employment / Training	3,537	558	202,253	714	109	207,171
Home Health Wages, Fringe & Travel	-	-	-	-	570,498	570,498
Land for Mutual Self-Help Housing	-	-	-	340,146	-	340,146
Housing Cost of Sales	32,802	-	-	1,235,695	-	1,268,497
Supportive Services	22,723	-	30,066	119,885	6,557	179,231
Other Program Related	12,509	9,606	5,627	26,836	8,850	63,428
<b>TOTAL PROGRAM SERVICES</b>	\$ 512,120	1,931,833	1,069,896	2,492,285	837,700	6,843,834
<b>SUPPORTING SERVICES</b>						
General Administration	\$ 60,606	196,520	196,249	123,310	69,079	645,764
<b>TOTAL EXPENSES</b>	\$ 572,726	2,128,353	1,266,145	2,615,595	906,779	7,489,598

The accompanying notes are an integral part  
of these financial statements.

NORTHWEST MONTANA HUMAN RESOURCES, INC.  
DBA COMMUNITY ACTION PARTNERSHIP OF NORTHWEST MONTANA  
Kalispell, Montana

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2011

	Community Services	Energy Programs	Job Training Programs	Housing Programs	In-Home Assistance Programs	Total Expenses
<b>PROGRAM SERVICES</b>						
Salaries and Wages	\$ 105,210	842,168	623,341	359,076	516,329	2,446,124
Health Insurance	6,857	93,954	89,863	56,801	55,508	302,983
TSA Contributions	3,829	17,691	17,835	9,137	13,120	61,612
Payroll Taxes	23,679	215,241	68,575	69,529	77,332	454,356
Contracted Services	31,055	34,516	5,515	86,793	7,450	165,329
Rent/Utilities	-	68,747	20,512	30,177	30,500	149,936
Supplies, Service & Repairs	14,870	43,800	21,659	59,489	24,099	163,917
Legal Assistance	311	-	-	15,453	78	15,842
Depreciation	93,962	5,745	286	5,506	16,372	121,871
Telephone / Internet	2,966	17,102	7,227	6,973	4,867	39,135
Travel and Training	27,379	119,825	13,543	27,516	11,844	200,107
Interest	54,103	-	-	5,949	-	60,052
Property/General Liability Insurance	-	10,991	33	17,999	442	29,465
Bad Debts	-	-	-	199,721	883	200,604
Home Weatherization	-	647,628	-	12,026	111	659,765
Fuel Assistance	-	479,174	-	-	-	479,174
Employment / Training	4,341	1,425	64,963	623	1,393	72,745
Home Health Wages, Fringe & Travel	-	-	-	-	727,436	727,436
Land for Mutual Self-Help Housing	10,685	-	-	270,000	-	280,685
Down Payment/Construction Assistance	122	-	-	2,904	-	3,026
Supportive Services	13,699	33,150	28,710	115,261	19,083	209,903
Other Program Related	8,726	20,231	167	47,259	46,100	122,483
<b>TOTAL PROGRAM SERVICES</b>	\$ 401,794	2,651,388	962,229	1,398,192	1,552,947	6,966,550
<b>SUPPORTING SERVICES</b>						
General Administration	\$ 60,040	265,822	198,601	113,777	157,720	795,960
<b>TOTAL EXPENSES</b>	\$ 461,834	2,917,210	1,160,830	1,511,969	1,710,667	7,762,510

The accompanying notes are an integral part  
of these financial statements.

NORTHWEST MONTANA HUMAN RESOURCES, INC.  
DBA COMMUNITY ACTION PARTNERSHIP OF NORTHWEST MONTANA  
Kalispell, Montana

CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Years Ended December 31

	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Grants and Contributions	\$ 3,805,826	\$ 4,435,637
Cash Received from Contracts	1,781,073	3,004,382
Cash Received from Interest	12,831	28,361
Cash Received from Sale of Land and Homes Inventory	1,440,144	285,000
Cash Received from Other Operating Activities	53,633	5,334
Cash Received from / (Paid for) Amounts in Trust	17,699	(33,160)
Cash Paid to/for Employees	(3,789,457)	(3,939,449)
Cash Paid to Suppliers/Vendors	(2,063,974)	(3,229,153)
Cash Paid for Inventory of Homes	(502,281)	0
Cash Paid for Interest	(66,763)	(60,052)
Net Cash Provided/(Used) by Operating Activities	\$ 688,731	\$ 496,900
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Principal Loan Payments Received	\$ 2,781	\$ 12,674
Principal Loan Payments Advanced	(17,026)	(111,470)
Proceeds / (Purchase) of Investments	(5,772)	0
Purchase of Equipment/Building Improvements	(140,027)	(184,277)
Net Cash Provided/(Used) by Investing Activities	\$ (160,044)	\$ (283,073)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Debt	\$ 430,179	\$ 351,000
Principal Payments on Debt	(20,605)	(17,790)
Net Cash Provided/(Used) by Financing Activities	\$ 409,574	\$ 333,210
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	\$ 938,261	\$ 547,037
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	2,307,969	1,760,932
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 3,246,230	\$ 2,307,969
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES</b>		
Increase/(Decrease) in Net Assets	\$ (5,397)	\$ 1,211,521
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided/(Used) by Operating Activities		
Items not Affecting Cash:		
Depreciation	127,181	142,231
Provision for Loan Loss Reserves	(10,026)	313,044
Forgiveness of Debt	0	(1,480,000)
Changes in Assets and Liabilities:		
Decrease/(Increase) in Grants Receivable	(481,346)	299,714
Decrease/(Increase) in Accounts Receivable	114,018	(19,145)
Decrease/(Increase) in Prepaid Expenses	5,579	28,526
Decrease/(Increase) in Employee Advances	181	200
Decrease/(Increase) in Inventory of Land and Homes	929,529	253,879
Increase/(Decrease) in Trade Accounts Payable	8,378	(16,765)
Increase/(Decrease) in Salaries and Accrued Payroll Payable	(16,874)	(73,942)
Increase/(Decrease) in Due to Grantor/Funds Held in Trust	17,699	(176,729)
Increase/(Decrease) in Deferred Revenue	(191)	14,366
Net Cash Provided/(Used) by Operating Activities	\$ 688,731	\$ 496,900

The accompanying notes are an integral part  
of these financial statements.

NORTHWEST MONTANA HUMAN RESOURCES, INC.  
DBA COMMUNITY ACTION PARTNERSHIP OF NORTHWEST MONTANA  
Kalispell, Montana

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012 and 2011

NOTE 1: NATURE OF AGENCY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Principles of Consolidation

The accompanying consolidated financial statements include the assets, liabilities, net assets, and financial activities of Northwest Montana Human Resources, Inc. dba Community Action Partnership of Northwest Montana and its affiliate, the Northwest Montana Community Land Trust, Inc. for the years ending December 31, 2012 and 2011. All significant inter-company transactions and balances have been eliminated. (See Note 16).

B. Organization

Northwest Montana Human Resources, Inc. dba Community Action Partnership of Northwest Montana (the Agency) is a not-for-profit corporation organized under Internal Revenue Code Section 501(c)(3). The Agency was incorporated in 1976. The Agency is located in Kalispell, Montana and operates field offices in Libby and Polson. The Agency is part of a national network of community action agencies (CAA's) that were created by the federal government in 1964 to combat poverty. The Agency administers a variety of federal grants, subgrants and contracts which provide services and activities designed to meet the identified needs of the community. The Agency, as part of the CAA network, reaches out to low-income people in their communities addressing their multiple needs through a comprehensive approach, developing partnerships with other community organizations and administering a full range of coordinated programs designed to have a measurable impact on poverty. The mission of the Agency is "to provide services and advocacy to improve lives and strengthen our communities."

The Agency has a tripartite board structure that is designated to promote the participation of the entire community in the reduction or elimination of poverty. The Board of Directors is comprised of individuals from Flathead, Lake, Lincoln and Sanders counties. Board members serve voluntarily and are chosen to represent either the private sector, the public sector or the low-income sector of the population.

The Northwest Montana Community Land Trust, Inc. (CLT) is a not-for-profit corporation organized under Internal Revenue code Section 501(c)(3). The CLT was incorporated in February 2010 by the Agency to serve as a separate holding company to provide permanently affordable home ownership opportunities for low and moderate income families in Flathead County, Montana. Grants obtained from the Department of Housing and Urban Development's Neighborhood Stabilization Program (NSP) funded the City of Kalispell as grantee and in turn the Agency as subgrantee to purchase foreclosed homes in designated census tracts in the City of Kalispell. Upon sale of the home to qualified individuals, program income is returned to the subgrantee (Agency) and the land under the home is leased and held by the CLT in furtherance of its mission. Because NSP is currently the CLT's only source of funding, the subgrantee (Agency) is responsible for debts on the homes purchased by the CLT and proceeds from the sale of homes must be returned to the subgrantee (Agency) according to terms of the grant, the subgrantee (Agency) has chosen to consolidate the CLT in its financial statements as encouraged under generally accepted accounting principles.

NORTHWEST MONTANA HUMAN RESOURCES, INC.  
 DBA COMMUNITY ACTION PARTNERSHIP OF NORTHWEST MONTANA  
 Kalispell, Montana

NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2012 and 2011

NOTE 1: NATURE OF AGENCY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES . . .  
 continued

C. Basis of Accounting and Use of Estimates

The Agency's financial statements have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities. The Agency measures financial instruments at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying amounts of cash and cash equivalents, current receivables, and current liabilities approximate their fair values because of their short-term nature. Investments are recorded at quoted active market prices at the reporting date for identical assets (Level 1).

The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported assets, liabilities, revenues, and expenses during the reporting period. Actual results could differ from those estimates.

D. Categories of Net Assets

The net assets of the Agency are reported in the following categories:

*Unrestricted net assets* represent net amounts that have been earned and expended according to contract restrictions and net amounts from generally unrestricted activities.

*Temporarily restricted net assets* represent gifts for which donor-imposed restrictions have not been met and funds for which the ultimate purpose is not permanently restricted. The Agency had \$840,545 and \$957,188 of temporarily restricted net assets as of December 31, 2012 and 2011, respectively, primarily relating to contributions for client housing cost assistance and a supportive housing revolving loan fund.

*Permanently restricted net assets* result from contributions and other inflows of assets whose use by the Agency is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Agency. As of December 31, 2012 and 2011, the Agency had no permanently restricted net assets.

E. Cash and Cash Equivalents

The Agency considers cash in banks and on hand, and highly liquid certificates of deposit to be cash equivalents (Level 1). As of December 31, 2012 and 2011, cash and cash equivalents consisted of the following:

	<u>2012</u>	<u>2011</u>
Interest Bearing Checking Accounts	\$ 754,010	\$ 461,476
Money Market/Savings Accounts	2,449,712	1,778,642
Non-Interest Bearing Deposit Accounts	<u>42,508</u>	<u>67,851</u>
Total	<u>\$3,246,230</u>	<u>\$2,307,969</u>

Demand accounts are insured by the Federal Deposit Insurance Corporation (FDIC). Amounts over and above the FDIC insurance limit are collateralized through a tri-party pledge, security, and safekeeping agreement with the Federal Home Loan Bank of Seattle.

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NOTE 1: NATURE OF AGENCY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES . . .  
continued

F. Investment in Certificate of Deposit

The Agency has a certificate of deposit pledged as collateral against a line of credit at Glacier Bank (See Note 5). The balance as of December 31, 2012 and 2011 was \$119,431 and \$113,659, respectively. The certificate matures on February 18, 2013. The interest rate in effect as of December 31, 2012 and 2011 was 2.50%. The carrying amounts of the certificate of deposits are recorded at fair market value due to their relatively short-term nature. (Level 1).

G. Inventories

Inventories consist of land held for resale for the Mutual Self-Help Housing Project and Community Land Trust (See Notes 11 and 12). Inventories are recorded at the lower of cost or market.

H. Program Services and Expense Classification

Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into program groups. The primary program groups and their related purposes are summarized as follows:

*Community Services programs* provide funds for planning and economic development, and satellite offices in outlying rural communities. The Agency's Community Services Block Grant (CSBG) is a primary component of this classification. CSBG funds are expended to provide locally budgeted social services in the community.

*Energy programs* are designed to improve the heating efficiency of homes and to permanently reduce energy consumption by using such weatherization techniques as insulation, caulking, storm windows, furnace modification, and client education. Priority is given to high-energy consumers. Eligible participants are also subsidized for their primary heating costs for the heating season through fuel assistance programs.

*Job Training programs* are designed to provide career awareness, supportive services, remedial education and assessment, and job readiness activities to enable the economically disadvantaged population to become job ready and gain employment.

*Housing programs* provide rental assistance, homeless prevention assistance, transitional housing for homeless families, rental housing, new home construction for eligible low-income participants, repair assistance for senior citizens, and purchase of foreclosed homes to be placed in a community land trust.

*In-Home Assistance programs* provide home-based services such as personal care, homemaking, and respite care for the elderly and physically disabled.

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NOTE 1: NATURE OF AGENCY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES . . .  
continued

H. Program Services and Expense Classification . . . continued

*Support services* for general management expenses are pooled and then distributed to programs based on the ratio of the program's staff salaries to total program salaries as outlined in the Agency's cost allocation plan. General management expenses include administrative staff costs, fiscal department costs, personnel costs, secretarial support costs, general business liability and professional insurance, postage, and copying. Audit costs are also included in this category and are allocated according to the ratio of program costs to total program costs.

I. Revenue Recognition

Contract, grant, and other revenues are recognized when earned. Contributed service revenue results when donated services create or enhance nonfinancial assets or when specialized skills are provided by people possessing those skills and would typically be purchased if not provided by donation. Contributed goods are valued at their estimated fair market value at the date of contribution.

J. Contributed Support

The Agency recognizes all unconditional gifts and promises to give in the period notified. Contributed support is reported as unrestricted or temporarily restricted depending upon the existence of donor stipulations. Temporarily restricted contributions whose restrictions have been fulfilled in the current year are reported as unrestricted.

K. Subsequent Events

The Agency recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed as of December 31, 2012, including the estimates inherent in the process of preparing financial statements. Subsequent events that provide evidence about conditions that did not exist as of December 31, 2012 but arose after that date and prior to the financial statements are available to be issued are not recognized in these financial statements. The Agency evaluates subsequent events through the date the financial statements are available to be issued which is the date of the auditor's report.

NOTE 2: RECEIVABLES

A. Accounts Receivable

Accounts receivable represent amounts owing to the Agency from program service contracts. Contracts call for a fixed fee for service and are primarily comprised of Case Management and in-home services for Medicaid eligible clients. All amounts are considered collectible and, therefore, no provision for bad debts has been established.

B. Employee Advances

Employee advances represent amounts owing to the Agency for work travel advances.



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NOTE 2: RECEIVABLES . . . continued

C. Grants Receivable

Grants receivable represents the balance of earned grant revenues not received in cash. Most grants allow monthly drawdowns of cash, which provides operating capital for program operation. The Agency has an additional \$3,363,852 in grant commitments from various funding sources at year-end 2012, compared to \$2,689,538 at year-end 2011.

D. Loans Receivable

The balance in loans receivable is comprised of investments in affordable housing projects and housing mortgage loans. Allowances for bad debts are determined as a percentage of outstanding receivables based upon estimated and historical losses.

A summary of loans receivable and their related allowances are as follows:

	Loans Receivable <u>12/31/2012</u>	Allowance- Doubtful Accounts <u>12/31/2012</u>	Loans Receivable <u>12/31/2011</u>	Allowance- Doubtful Accounts <u>12/31/2011</u>
Senior Home Repair Program	\$ 362,259	\$ 18,114	\$ 362,259	\$ 18,114
Affordable Housing:				
Fernwell	435,551	0	435,551	0
Westgate Senior Associates	129,148	0	131,930	0
Silent Second Mortgages				
Mutual Self-Help Housing:				
Columbia Falls	4,208	199	4,107	199
Tiebucker	1,012	48	982	49
Tiebucker III/Empire Estates 2	71,490	35,745	75,660	39,915
Empire Estates 3/Mountain Vista North	21,350	6,100	27,180	14,980
Spring Creek I and II	156,242	78,120	156,242	78,120
Spring Creek III	11,987	5,994	11,577	5,789
Spring Creek IV	17,333	867	0	0
Tiebucker Phase III	253,290	128,627	245,479	122,739
Empire Estates 2	<u>164,276</u>	<u>82,138</u>	<u>171,849</u>	<u>86,073</u>
 Total	 \$ 1,628,146	 \$ <u>355,952</u>	 \$ 1,622,816	 \$ <u>365,978</u>
Less Allowance	<u>(355,952)</u>		<u>(365,978)</u>	
Loans Receivable, Net of Allowance	<u>\$ 1,272,194</u>		<u>\$ 1,256,838</u>	

*Senior Home Repair Program* – The Senior Home Repair Program was started in December 2000 and was designed to preserve units of affordable housing throughout Flathead County by providing home rehabilitation for a minimum of 32 low and moderate income senior citizen homeowners. Amounts loaned to qualifying individuals, without interest, are secured by a trust indenture. Under the terms of the indenture, the loan amounts must be repaid upon ceasing to occupy the home as their principal residence or upon sale of the residence.

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NOTE 2: RECEIVABLES . . . continued

D. Loans Receivable . . . continued

*Affordable Housing – Fernwell Limited Partnership* - The Fernwell Limited Partnership was established in 1995 to own and operate 36 units of affordable housing for low-income individuals at 20 4th Avenue East, Kalispell, Montana. The Agency participated in the project as the local nonprofit sponsor during the building phase. Under terms of a grant from the Federal Home Loan Bank of Seattle (Affordable Housing Program), the Agency received \$180,000 from Glacier Bank of Kalispell. These funds were loaned to the Fernwell Limited Partnership at 3.5% interest for a period of 15 years with payments deferred until 2011. The Agency was also awarded \$255,551 from the Montana Department of Commerce HOME Program to loan to the Partnership. Two loans were made; the first was \$185,551 at 7.5% interest over a 20-year term deferred until the year 2016 except for .5% annual interest payments and the second was \$70,000 at 3.5% interest over a 20-year term, payments deferred until the year 2016. Each note provides that interest is due only to the extent that the Partnership has available cash after paying all operating expenses and other mortgage payments. According to the terms of the contract, no payments have been made to date.

*Affordable Housing – Westgate Senior Associates* - Westgate Senior Associates, a Montana Limited Partnership, was established in 1999 to own and operate 24 units of affordable housing for senior citizens at 500-548 Corporate Drive, Kalispell, Montana. The Agency participated in the project as the local nonprofit sponsor during the building phase. The Agency received a \$300,000 grant from the Montana Department of Commerce HOME Program to be used to assist with the “gap” financing of the project. The Agency in turn, granted \$139,250 to the project to assist with fees and services related to the actual permanent financing of the project. The Agency loaned the remaining \$160,750 to the project for 50 years at 1% interest. Payments of \$1,022 are due quarterly with the first payment due three months after closing of the permanent loan. The loan is secured by a trust indenture on the property, which is subordinate to the permanent financing. Westgate Senior Associates has granted to the Agency an irrevocable option to purchase the property upon the expiration of the 15 year period of affordability in 2015.

*Silent Second Mortgages – Mutual Self-Help Housing Families* - In May, 2004, the Agency loaned \$26,305 to eight families in the Columbia Falls Mutual Self-Help Housing Program. The loans were necessary due to cost over runs caused by increased costs caused by the poor weather during the fires of 2004 near Glacier National Park. The loans ranged from \$1,500 to \$4,500 per household. The loans accrue interest at 3 percent and are due on the sale or rental of the home.

*Silent Second Mortgages – Mutual Self-Help Housing Families, Tiebucker* - In March and April of 2005, the Agency loaned a total of \$19,500 to ten families in the Tiebucker Phase 1 Mutual Self-Help Housing Program. The loans were necessary due to cost over runs caused by increased lumber and fuel costs which were over and above the contingency amounts in their 502 loans. The loans ranged from \$750 to \$1,800. The loans accrue interest at 3 percent and are due on sale or rental of the home.

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NOTE 2: RECEIVABLES . . . continued

D. Loans Receivable . . . continued

*Silent Second Mortgages – Mutual Self-Help Housing Families, Tiebucker III and Empire Estates 2* – In 2007, the Agency loaned a total of \$71,490 under the HOME revolving loan fund to 12 families in the Mutual Self-Help Housing Program. The loans were used as down payment assistance toward the purchase of land that the homes were built on. The loans ranged from \$3,050 to \$20,735. These loans accrue no interest and are due on sale, refinance or rental of the home. Additionally 5 loans were made for \$6,950 each for a total of \$34,750. These five loans are forgiven 20% per year over a period of five years ending in 2012. Should the homeowner sell or refinance their existing mortgage within the five year period, the balance of the loan would be due.

*Silent Second Mortgages – Mutual Self-Help Housing Families, Empire Estates 3 and Mountain Vista North* – In 2008, the Agency loaned a total of \$27,129 under the HOME revolving loan fund to 9 families in the Mutual Self-Help Housing Program. The loans were used as down payment assistance toward the purchase of land that the homes were built on. The loans ranged from \$2,729 to \$3,050. These loans accrue no interest and are due on sale, refinance or rental of the home. Additionally 1 loan was made for \$6,950. This loan is forgiven 20% per year over a period of five years ending in 2012. Should the homeowner sell or refinance their existing mortgage within the five year period, the balance of the loan would be due.

*Silent Second Mortgages – Mutual Self-Help Housing Families, Spring Creek I and II* – In 2010 and 2009, the Agency loaned a total of \$156,242 under the HOME revolving loan fund to 10 families in the Mutual Self-Help Housing Program. The loans were used as down payment assistance toward the purchase of land that the homes were built on. The loans ranged from \$4,640 to \$20,000. These loans accrue no interest and are due on sale, refinance or rental of the home.

*Silent Second Mortgages – Mutual Self-Help Housing Families, Spring Creek III* – In 2011, the Agency loaned \$11,577 in SHOP funds to a family in the Mutual Self-Help Housing Program (See Note 11). The loan was used as down payment assistance toward the purchase of the land that the home was built on. This loan accrues interest at 3.5% and is due on sale, refinance or rental of the home.

*Silent Second Mortgages – Mutual Self-Help Housing Families, Spring Creek IV* – In 2012, the Agency loaned \$17,026 in SHOP funds to a family in the Mutual Self-Help Housing Program (See Note 11). The loan was used as down payment assistance toward the purchase of the land that the home was built on. This loan accrues interest at 3.5% and is due on sale, refinance or rental of the home.

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NOTE 2: RECEIVABLES . . . continued

D. Loans Receivable . . . continued

*Silent Second Mortgages – Mutual Self-Help Housing Families, Tiebucker Phase III* - In September 2007, the Agency also utilized SHOP revolving loan funds in the amount of \$211,798 as down payment assistance for the Tiebucker III build (See Note 11). The loans ranged from \$20,067 to \$41,710. The loans accrue interest at 3.5 percent and are due on sale, refinance or rental of the home.

*Silent Second Mortgages – Mutual Self-Help Housing Families, Empire Estates 2* - In January 2008, the Agency also utilized SHOP revolving loan funds in the amount of \$149,990 as down payment assistance for the Empire Estates 2 build (See Note 11). The loans ranged from \$2,850 to \$28,513. The loans accrue interest at 3.5 percent and are due on sale, refinance or rental of the home.

The Agency recognizes interest income on loans receivable on the accrual basis. Loan fees and costs are recognized as income in the period the fees or costs are earned. Loans receivable accrue interest under the applicable loan document terms until the loan is deemed uncollectible. Loans are considered delinquent after 30 days of non-payment from the original due date or deferred due date. Loans are considered impaired when collection of the full amount of the loan is unlikely based on various factors discussed below.

The Agency uses multiple bases to estimate the allowance for credit losses including historical losses of the loan program, existing economic conditions related to the industry in which the loan recipient operates, collateral of the loan recipient, loan payment history and actual or likely events which have or will occur. The risk characteristics of the individual loan programs are similar in nature. The Agency operates loan programs for recipients who cannot generally obtain conventional financing under the requirements and restrictions placed on them by federal and state loan funding sources. Therefore, due to the nature of the loan programs operated, the Agency's loan portfolio is generally of inherently higher risk than typical conventional financing loans, however the loans are collateralized by the property purchased.

The Agency's loans are considered deferred loans, therefore no loans are considered past due as of December 31, 2012 and 2011, and all amounts are considered current under the terms of the loans. Impaired loans are valued at the estimated value of the remaining recoverable assets after consideration of collateral and guarantees. An allowance for bad debt is recorded against these impaired loans for the difference between the balance of the loan and estimated recovery value. As of December 31, 2012, the Agency had two loans in the amount of \$27,523 that were considered impaired loans. An allowance of \$27,523 was recorded against these impaired loans. As of December 31, 2011 the Agency did not have any identified impaired loans.

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NOTE 2: RECEIVABLES . . . continued

D. Loans Receivable . . . continued

ALLOWANCE FOR CREDIT LOSSES AND RECORDED INVESTMENT IN FINANCING RECEIVABLES  
For the Years Ending December 31, 2012 and 2011

	RESIDENTIAL			TOTAL
	SENIOR HOME REPAIR	AFFORDABLE HOUSING	MUTUAL SELF-HELP HOUSING	
Financing Receivables, December 31, 2011	\$ 362,259	\$ 567,481	\$ 693,076	\$ 1,622,816
Allowance for Credit Losses, January 1, 2011	(13,835)	0	(49,294)	(63,129)
Charge-offs	0	0	9,655	9,655
Recoveries	0	0	0	0
Current Year Provision for Losses	(4,279)	0	(308,225)	(312,504)
Allowance for Credit Losses, December 31, 2011	(18,114)	0	(347,864)	(365,978)
Net Financing Receivables, December 31, 2011	\$ 344,145	\$ 567,481	\$ 345,212	\$ 1,256,838
Receivables Individually Evaluated for Impairment	\$ 0	\$ 0	\$ 0	\$ 0
Allowance for Credit Losses	0	0	0	0
Receivables Collectively Evaluated for Impairment	362,259	567,481	693,076	1,622,816
Allowance for Credit Losses	(18,114)	0	(347,864)	(365,978)
Net Financing Receivables, December 31, 2011	\$ 344,145	\$ 567,481	\$ 345,212	\$ 1,256,838
Financing Receivables, December 31, 2012	\$ 362,259	\$ 564,699	\$ 701,188	\$ 1,628,146
Allowance for Credit Losses, January 1, 2012	(18,114)	0	(347,864)	(365,978)
Charge-offs	0	0	23,175	23,175
Recoveries	0	0	0	0
Current Year Provision for Losses	0	0	(13,149)	(13,149)
Allowance for Credit Losses, December 31, 2012	(18,114)	0	(337,838)	(355,952)
Net Financing Receivables, December 31, 2012	\$ 344,145	\$ 564,699	\$ 363,350	\$ 1,272,194
Receivables Individually Evaluated for Impairment	\$ 0	\$ 0	\$ 27,523	\$ 27,523
Allowance for Credit Losses	0	0	(27,523)	0
Receivables Collectively Evaluated for Impairment	362,259	564,699	673,665	1,600,623
Allowance for Credit Losses	(18,114)	0	(310,315)	(355,952)
Net Financing Receivables, December 31, 2012	\$ 344,145	\$ 564,699	\$ 363,350	\$ 1,272,194

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NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 2: RECEIVABLES . . . continued

D. Loans Receivable . . . continued

CREDIT EXPOSURE  
 CREDIT RISK PROFILE BY INTERNALLY ASSIGNED GRADE

	RESIDENTIAL SENIOR HOME/SELF-HELP		RESIDENTIAL AFFORDABLE HOUSING	
	2012	2011	2012	2011
	\$	\$	\$	\$
Pass - Performing Loans	1,035,924	1,055,335	564,699	567,481
Pass with Collateral Deficiencies	27,523	0	0	0
Non-Performing, Collateralized	0	0	0	0
Non-Performing, Collateral Deficiencies	0	0	0	0
Total	<u>\$ 1,063,447</u>	<u>\$ 1,055,335</u>	<u>\$ 564,699</u>	<u>\$ 567,481</u>

AGE ANALYSIS OF PAST DUE FINANCING RECEIVABLES  
 December 31, 2012 and 2011

	RESIDENTIAL SENIOR HOME/SELF-HELP		RESIDENTIAL AFFORDABLE HOUSING	
	2012	2011	2012	2011
	0	0	0	0
30-59 Days Past Due	0	0	0	0
60-89 Days Past Due	0	0	0	0
Greater than 90 Days Past Due	0	0	0	0
Total Past Due	0	0	0	0
Current Financing Receivables	<u>1,063,447</u>	<u>1,055,335</u>	<u>564,699</u>	<u>567,481</u>
Total Financing Receivables	<u>1,063,447</u>	<u>1,055,335</u>	<u>564,699</u>	<u>567,481</u>

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NOTE 3: FIXED ASSETS

The Agency capitalizes equipment with a purchase price of at least \$5,000 and/or an expected life of more than one year. Property and equipment are reported at cost less accumulated depreciation. The straight-line method of depreciation is used to depreciate assets over estimated lives of three to twenty years. Depreciation expense in 2012 and 2011 was \$127,181 and \$142,231, respectively.

As of December 31, 2012 and 2011, property and equipment consisted of the following:

	<u>2012</u>	<u>2011</u>
Equipment	\$1,095,488	\$ 1,084,264
Less: Accumulated Depreciation	<u>(880,092)</u>	<u>(819,840)</u>
Total Equipment	<u>\$ 215,396</u>	<u>\$ 264,424</u>
Land	\$ 385,174	\$ 305,087
Land – Community Land Trust	779,804	651,000
Buildings and Improvements	684,212	684,212
Affordable Housing	793,463	689,274
Less: Accumulated Depreciation	<u>(688,383)</u>	<u>(621,454)</u>
Total Land and Buildings	<u>\$1,954,270</u>	<u>\$1,708,119</u>

NOTE 4: DEFERRED REVENUE

Revenues in federal grant programs are recognized when corresponding expenses have been incurred in conformance with contractual requirements. Deferred revenues correspond to amounts received in cash through contract advances.

The activity in deferred revenue for 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>
Deferred Revenue, January 1	\$ 14,366	\$ 0
Grant Awards Received	7,843,167	7,532,936
Less: Earned Revenue for Expenses Incurred	<u>(4,479,506)</u>	<u>(4,829,032)</u>
Gross Deferred Revenue, December 31	3,378,027	2,703,904
Less: Amount not Received in Cash	<u>(3,363,852)</u>	<u>(2,689,538)</u>
Net Deferred Revenue	<u>\$ 14,175</u>	<u>\$ 14,366</u>

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NOTE 5: SHORT-TERM NOTES PAYABLE AND LONG-TERM DEBT

The Agency's debt obligations are as follows:

	<u>Original Loan Amount</u>	<u>2012 Balance</u>	<u>2011 Balance</u>
Line of Credit, Glacier Bank of Kalispell August 17, 2006, renewed periodically Maturity: February 18, 2013, Interest Rate 4.50% Secured by Certificate of Deposit (See Note 1 F.)	\$100,000	\$ 0	\$ 0
Glacier Bank of Kalispell, August 25, 2008 Maturity: August 25, 2033, Interest Rate 4.65% to August 25, 2015, resets every three years 2.5% above Federal Home Loan Bank Index, floor 4.65% and ceiling 9%. Terms: Paid monthly, principal & interest payments of \$5,188.61. Secured by: Building and Land 214 S. Main \$900,000.	\$ 900,000	\$ 824,033	\$ 844,638
Community Frameworks, October 20, 2009 Maturity: October 20, 2019, Interest Rate: 0% Terms: No Payments – Loan to be forgiven at maturity if in full compliance with loan agreement. Secured by: Sixteen building lots. (See Note 11)	\$ 240,000	\$ 240,000	\$ 240,000
Community Frameworks, October 15, 2010 Maturity: October 20, 2020, Interest Rate: 0% Terms: No Payments – Loan to be forgiven at maturity if in full compliance with loan agreement. Secured by: Eight building lots. (See Note 11)	\$ 120,000	\$ 120,000	\$ 120,000
Montana Homeownership Network, Inc., August 31, 2011 Maturity: August 12, 2013, Interest Rate: 5.5% Terms: Interest Only Payments, Principal and Interest Due at Maturity. Secured by: Courtyard Apartments Units 1-16	\$ 214,000	\$ 214,000	\$ 214,000



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NOTE 5: SHORT-TERM NOTES PAYABLE AND LONG-TERM DEBT . . . continued

	<u>Original Loan Amount</u>	<u>2012 Balance</u>	<u>2011 Balance</u>
Montana Homeownership Network, Inc., August 31, 2011 Maturity: September 1, 2014, Interest Rate: 4.5% Terms: Interest Due Quarterly, Principal and Interest Due at Maturity. Secured by: Courtyard Apartments	\$ 137,000	\$ 137,000	\$ 137,000
Montana Homeownership Network, Inc., Revolving Line of Credit September 26, 2012 Maturity: December 31, 2013 with Optional Six Month Extension, Interest Rate: 5.0% Terms: Principal and Interest Due within 90 days of Advance and at Maturity. Secured by: Neighborhood Stabilization Residential Home Inventory	\$ 500,000	<u>\$ 430,179</u>	<u>\$ 0</u>
 Total Long-Term Debt		 <u>\$ 1,965,212</u>	 <u>\$ 1,555,638</u>

The future scheduled maturities of long-term debt are as follows:

2013	\$ 668,642
2014	162,625
2015	26,842
2016	28,117
2017	30,852
Thereafter	<u>1,048,134</u>
Total	<u>\$1,965,212</u>

In August 2011, Community Frameworks offered conversion of eligible loans funded with Supportive Housing Opportunity Program (SHOP) dollars. The eligible loans were converted to a one-third unrestricted grant and a two-thirds restricted capital revolving fund for the remainder of the ten year original loan term. In 2011, the Agency converted loans in the amount of \$1,480,000 into an unrestricted grant of \$546,666 and a temporarily restricted revolving loan fund in the amount of \$933,334. In 2012, \$106,667 was released from restriction in compliance with the applicable loan agreement.

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NOTE 6: LEASES

The Agency classifies its leases as either operating or capitalized leases. Currently all leases are operating leases for office space. Lease terms are as follows:

<u>Location</u>	<u>Terms</u>
Kalispell Satellite Office -(Case Management)	\$2,300 monthly ending January 8, 2012
Kalispell Warehouse	\$2,998 monthly to January 31, 2012, \$3,146 to January 31, 2013
Libby Office	\$1,000 monthly to September 2014
Libby Warehouse	\$350 month to month
Libby Warehouse	\$1,500 monthly ending April 14, 2012
Polson Office	\$300 month to month
Eureka Office	\$250 monthly September 1, 2010 to August 31, 2012, month to month thereafter

NOTE 7: EMPLOYEE BENEFITS

A. Compensated Absences

According to the Agency's personnel policy, eligible employees may accumulate an unlimited amount of sick leave and up to six weeks of vacation. Upon termination, employees are paid 100% of their unused vacation and 25% of their unused sick leave. As of December 31, 2012 and 2011, the Agency's compensated absence liability was \$151,681 and \$169,028, respectively.

B. 403(b) Thrift Plan

The Agency has implemented a 403(b) Thrift Plan in order to comply with IRS regulations. The plan is underwritten by Mutual of America. Employees may designate an amount to be deducted from their paycheck with no minimum monthly contribution. The Agency will match the employee contribution up to a maximum of 5% of the employee's wages after they have completed one year of employment. Employees' individual contributions vest immediately. Employer contributions vest according to the following schedule.

<u>Years of Service</u>	<u>Percentage of Vesting</u>
Less than 2 years	0
2 years	50
3 years or more	100

In 2012 and 2011 the Agency contributed \$59,812 and \$76,945 to the 403(b) Thrift Plan, respectively.

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NOTE 8: COST ALLOCATION

The Agency allocates costs that can be identified specifically with a particular final cost objective directly to the individual program benefiting. Joint costs are allocated directly to individual programs using a base most appropriate to the particular cost being prorated. The Agency's cost allocation plan was submitted to the Department of the Interior and received a final approval for 2011 and a provisional approval for 2012. Final approval is expected to be received upon submittal of the 2012 audit.

NOTE 9: DUE TO GRANTOR/FUNDS HELD IN TRUST

Grantors advance cash to the Agency for cash-flow purposes. The Agency, at times, receives cash in excess of the amount earned for a program. This account represents \$9,599 and \$5,000 of cash advanced to the Agency as of December 31, 2012 and 2011, which was not earned and will be returned to the grantor. The Agency also holds cash in an administrative capacity for other entities. The cash is primarily from the receipts and disbursements of loan funds and housing activities for which the Agency has an administrative contract. These amounts total \$8,609 and \$32,927 due from others as of December 31, 2012 and 2011, respectively.

In addition, the Agency has made qualifying loans with HOME program funds which, if collected, the funds will be due back to the Montana Department of Commerce. The amount of loans issued under the HOME program which potentially may be recaptured from eligible activities and returned to the Montana Department of Commerce was \$827,907 and \$839,125 as of December 31, 2012 and 2011, respectively.

NOTE 10: RISK MANAGEMENT

The Agency faces a number of risks including (1) loss or damage to property, (2) general liability, (3) employee medical insurance, (4) professional liability and (5) directors' and officers' liability. Commercial insurance policies are purchased for loss or damage resulting from these risks.

NOTE 11: MUTUAL SELF-HELP HOUSING PROJECT

The Agency has undertaken multiple Mutual Self-Help (MSH) housing projects designed to provide eligible individuals and families the opportunity for home ownership through the MSH construction method. The program began in 2001 and has to date enabled ownership of 148 homes to qualifying participants.

The Agency receives funding from USDA – Rural Development to provide technical assistance to manage the construction of the homes. Rural Community Assistance Corporation (RCAC) also provides assistance to the agency to administer the program.

The MSH construction method requires participating homeowners to provide at least 65 percent of the labor during the construction of their and others homes in their group. Pre-construction training sessions are held to familiarize the homeowners with construction financing, title and home insurance, team building and proper use of construction tools. Continuing training focusing on credit and financial responsibility, home maintenance and budgeting are also offered.

NORTHWEST MONTANA HUMAN RESOURCES, INC.  
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Kalispell, Montana

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012 and 2011

NOTE 11: MUTUAL SELF-HELP HOUSING PROJECT . . . continued

The Agency facilitates the home construction through the purchase and development of parcels of land to be used by the MSH program. The purchase, subdivision and infrastructure improvements have been financed through a combination of ten year, no interest loans from Community Frameworks, a Washington non-profit corporation (See Note 5), private and bank loans. The total amount of loans from Community Frameworks was \$1,840,000. After the initial use of these loans, the funds become a revolving fund used to purchase additional parcels of land. Participants purchase the lots from the Agency, which in turn uses the proceeds to repay the private and bank loans as well as replenish the revolving loan fund.

Since the inception of the project, the Agency purchased land to provide up to 164 single-family homes and two parks. The Agency has completed infrastructure improvements and sold 149 and 142 of the lots as of December 31, 2012 and 2011, respectively. The remaining lots will be available for qualifying participants in the future. As of December 31, 2012 and 2011, the cost of the lots held in inventory was \$461,097 and \$776,456, plus related infrastructure improvements of \$47,666 and \$45,877, respectively.

NOTE 12: COMMUNITY LAND TRUST

The Agency has purchased 20 foreclosed properties in the Kalispell, Montana area through Neighborhood Stabilization funding obtained from the Department of Housing and Urban Development in cooperation with the City of Kalispell. The Agency maintains the property, performs rehabilitation, and resells the property to low- and moderate-income families. As of December 31, 2012, 10 of the 20 homes had been sold to qualifying households. The CLT provides pre- and post-purchase housing counseling and homebuyer programs.

The CLT functions to preserve public investment and to recycle and protect affordability. The CLT acquires and retains ownership of the real property under the home through a 99-year ground lease to the homeowner. This agreement protects housing affordability in perpetuity by ensuring that the housing is made affordable to low- to moderate-income families through resale price and deed restrictions. As of December 31, 2012 and 2011, the Agency had \$1,184,740 and \$1,800,699 in homes and improvements available for rehabilitation and resale to qualifying individuals. An additional \$779,804 and \$651,000 of land has been committed to the land trust to be held in perpetuity.

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NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012 and 2011

NOTE 13: RELATED PARTIES

The Valley View Apartments Corporation, Green Meadow Manor Corporation, Columbia Villa Apartments Corporation, and Big Sky Manor Corporation are defined as supporting organizations under Internal Revenue Code Section 501(c)(3). The Agency created the four nonprofit corporations to serve as the nonprofit general partners in four limited partnerships in order to facilitate the purchase, rehabilitation, and operation of low-income housing and the sale of low-income housing tax credits under the Department of Housing and Urban Development's Preservation Program. The Corporations own .0081 percent of each limited partnership. Investments in corporations in which the Agency has less than a 20% interest are recorded at cost.

The Agency is not considered to have any liability nor asset regarding the Corporations, however the Corporations have the right of first refusal to purchase the units upon expiration of the 15-year low-income housing tax credit use restriction period in 2014. Developer fees receivable that were due from these related parties were \$5,036 as of December 31, 2012 and 2011.

Teakettle Vista Apartments, Inc. is a not-for-profit corporation under Internal Revenue Section 501(c)(3). This nonprofit corporation, wholly owned by the Agency was formed to facilitate the construction and operation of a 20-unit low-income apartment complex for senior citizens in Columbia Falls, Montana. The Corporation is the general partner in Columbia Falls Teakettle Vista Associates, a Montana limited partnership. The Corporation owns .01 percent of the partnership. The Corporation has the right of first refusal to purchase the units upon expiration of the 15-year low-income housing tax credit use restriction period in 2015.

Sunny Slope Vista Apartments Inc. is a not-for-profit corporation under Internal Revenue Section 501(c)(3). This nonprofit corporation, wholly owned by the Agency was formed to facilitate the construction and operation of a 20-unit low-income apartment complex for senior citizens in Polson, Montana. The Corporation is the general partner in Polson Sunny Slope Vista Associates, a Montana limited partnership. The Corporation owns .01 percent of the partnership. The Corporation has the right of first refusal to purchase the units upon expiration of the 15-year low-income housing tax credit use restriction period in 2017.

Teakettle Vista Apartments II, Inc. is also a not-for-profit corporation under Internal Revenue Section 501 (c)(3). This nonprofit corporation, wholly owned by the Agency was formed to facilitate the construction and operation of a 24-unit low-income apartment complex for senior citizens in Columbia Falls, Montana. The Corporation is the general partner in Teakettle Vista Associates II, a Montana limited partnership. The Corporation owns .01 percent of the partnership. The Corporation has the right of first refusal to purchase the units upon expiration of the 15-year low-income housing tax credit use restriction period in 2019.

NOTE 14: INCOME TAX EXPENSE

Provisions for income taxes have not been recorded in the financial statements because the Agency believes it had no taxable net income unrelated to its exempt purposes in 2012 or 2011. With few exceptions, the Agency is no longer subject to U.S. federal or state tax examinations by tax authorities for years before 2009.

NORTHWEST MONTANA HUMAN RESOURCES, INC.  
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NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012 and 2011

NOTE 15: ADMINISTRATIVE COSTS

The Agency's administrative costs by natural classification are summarized as follows:

	<u>2012</u>	<u>2011</u>
Wages, Payroll Taxes and Fringe Benefits	\$ 460,824	\$ 600,632
Supplies, Printing, Postage and Office Costs	70,517	76,593
Liability Insurance	50,868	51,952
Contract Services and Service Agreements	13,223	16,288
Equipment Charges	27,410	18,814
Travel and Training	3,532	9,170
Occupancy Costs	<u>19,390</u>	<u>22,511</u>
Total Administrative Expenses	\$ <u>645,764</u>	\$ <u>795,960</u>

NOTE 16: SUBSIDIARY RECONCILIATION TO THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements include the activity of the Agency and its financially controlled affiliate at December 31, 2012 and 2011. Following is the balance sheet and results of operations of the Northwest Montana Community Land Trust, Inc. for the years ended December 31, 2012 and 2011:

<u>Assets</u>	<u>2012</u>	<u>2011</u>
Cash and Cash Equivalents	\$ 596	\$ 0
Homes Held for Resale	1,153,155	1,800,699
Land Held in Trust	<u>779,804</u>	<u>651,000</u>
Total Assets	\$ <u>1,933,555</u>	\$ <u>2,451,699</u>
<u>Liabilities and Net Assets</u>		
Accounts Payable	\$ 0	\$ 0
Net Assets	<u>1,933,555</u>	<u>2,451,699</u>
Total Liabilities and Net Assets	\$ <u>1,933,555</u>	\$ <u>2,451,699</u>
<u>Revenues</u>		
Grant Income	\$ 599,500	\$ 0
Program Income	1,028,217	0
Other Revenue	<u>1,065</u>	<u>0</u>
Total Revenue	\$ 1,628,782	\$ 0
<u>Expenses</u>		
Program Income to Sponsor	\$ 1,028,217	\$ 0
Cost of Homes Sold	1,118,240	0
Miscellaneous Expenses	<u>469</u>	<u>0</u>
Total Expenses	\$ <u>2,146,926</u>	\$ <u>0</u>
Net Revenue over/(under) Expenses	(518,144)	0
Net Assets at January 1	<u>2,451,699</u>	<u>2,451,699</u>
Net Assets at December 31	\$ <u>1,933,555</u>	\$ <u>2,451,699</u>
Intercompany Accounts Receivable/(Payable)	0	0
Intercompany Revenues/(Expenses)	1,627,717	0

NORTHWEST MONTANA HUMAN RESOURCES, INC.  
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NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012 and 2011

NOTE 17: RESTATEMENT OF BEGINNING NET ASSETS

In 2012, the Agency consolidated the Northwest Montana Community Land Trust, Inc. (CLT) in its financial statements due to the economic dependency of the CLT on the Agency. The financial statements for December 31, 2011 have been restated to include the activities of the CLT. The affect of this restatement was to increase inventory of homes for resale of \$1,800,699, land by \$651,000, and beginning net assets of \$2,451,699. There were no revenues or expenses in 2011 for the CLT.

NOTE 18: SUBSEQUENT EVENTS

In May 2013 the Agency was notified that it's Workforce Investment Act – Youth grant funding was not renewed. The impact to the Agency on the discontinuance of this program is a reduction of revenues and expenses of approximately \$263,000. The impact on the Agency's net income in future years is expected to be negligible.

**SUPPLEMENTAL  
SCHEDULES**



NORTHWEST MONTANA HUMAN RESOURCES, INC.  
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EXPLANATION OF SUPPLEMENTAL SCHEDULES  
 December 31, 2012

Note to the Schedule of Federal Financial Assistance

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Agency and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the financial statements.

Of the federal expenditures presented in the schedule, the agency provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA #</u>	<u>Amount Provided To Subrecipients</u>
Emergency Shelter	14.231	\$ 33,699
CSBG	93.569	\$ 4,000

Program Schedules

Program schedules are included for all grants, contracts, and projects with ending dates that occurred during the reporting period January 1, 2012 through December 31, 2012. Because the Agency administers programs with varying ending dates, the schedules that follow are based upon the program period. Many of the programs started in the previous year (2011), but were completed in the current year and, consequently, amounts shown differ from amounts reported in the accompanying financial statements.

Acronyms

ARRA	American Recovery and Reinvestment Act
CAPNM	Community Action Partnership of Northwest Montana
CRF	Cash Revolving Fund
CDBG	Community Development Block Grant
CSBG	Community Services Block Grant
DPHHS	Montana Department of Health & Human Services
DOE	Department of Energy
DOL	Montana Department of Labor
HOME	Home Investment Partnerships Program
HPG	Housing Preservation Grant
HUD	Department of Housing and Urban Development
LIEAP	Low-Income Energy Assistance Program
LISC	Local Initiative Support Corporation
MDOC	Montana Department of Commerce
MSH	Mutual Self-Help Housing
SHOP	Self-Help Housing Opportunities Program
TANF	Temporary Assistance to Needy Families
USB	Universal Systems Benefit
USDA	United States Department of Agriculture
VITA	Volunteer Income Tax Assistance
WIA	Workforce Investment Act
WoRC	Work Readiness Component
WX	Weatherization

Schedules for grant programs are prepared to compare budgeted revenues and expenses as required by contract to actual revenues earned and expenses incurred. The schedules for fixed price and fee-for-service contracts are prepared to disclose the results of operations within each contracted activity.

Supplemental Schedule  
 NORTHWEST MONTANA HUMAN RESOURCES, INC.  
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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2012

FEDERAL SOURCE PASS THROUGH SOURCE PROGRAM	CFDA Number	Contract Number	Contract Period	Federal Expenditures
<b>Department of Agriculture</b>				
<i>Rural Development</i>				
SELF-HELP TECHNICAL ASSISTANCE	10.420	SECTION 523 2011-2013	5/23/11 - 5/23/13	87,153
HPG - SENIOR HOME REPAIR	10.433	NONE	10/1/10 - 1/1/13	12,814
Total Department of Agriculture				\$ 99,967
<b>Department of Housing and Urban Development</b>				
<i>Local Initiatives Support Corporation</i>				
Rural LISC	14.252	PA#43110-0010	10/01/11 - 9/30/12	9,439
Rural LISC	14.252	PA#43110-0013	10/01/12 - 9/30/13	2,706
Rural LISC - RECOVERABLE GRANT	14.252	PA#43110-0011	2/1/12 - 1/31/14	11,344
Total Rural LISC				\$ 23,489
<i>Montana Dept. of Public Health and Human Services</i>				
EMERGENCY SOLUTIONS GRANTS PROGRAM	14.231	11-028-51008-0	4/01/11 - 5/15/13	45,422
EMERGENCY SOLUTIONS GRANTS PROGRAM	14.231	12-028-51008-0	4/01/12 - 9/30/13	13,214
Total Emergency Shelter				\$ 58,636
<i>City of Kalispell</i>				
<i>CDBG Entitlement Grants Cluster</i>				
ARRA NEIGHBORHOOD STABILIZATION PROGRAM	14.218	MOU	10/1/09 - 9/19/13	24,725
ARRA NEIGHBORHOOD STABILIZATION PROGRAM	14.218	MT-NSP-12-007-01-001D	11/1/11 - 07/31/13	618,740
ARRA NEIGHBORHOOD STABILIZATION PROGRAM	14.218	PROGRAM INCOME	1/1/12 - 12/31/12	1,107,644
Total CDBG Entitlement Grants Cluster				1,751,109
<i>Direct</i>				
SUPPORTIVE HOUSING PROGRAM	14.235	MT0005B8T001003	2/01/11 - 1/31/12	3,499
SUPPORTIVE HOUSING PROGRAM	14.235	MT0005B8T001104	2/01/12 - 0/31/13	34,195
Total Supportive Housing Program				37,694
Total Department of Housing and Urban Development				\$ 1,870,928
<b>Department of Treasury</b>				
<i>Montana Credit Unions for Community Development</i>				
VOLUNTEER INCOME TAX ASSISTANCE (VITA)	21.009	V12108	7/01/11 - 06/30/12	4,426
VOLUNTEER INCOME TAX ASSISTANCE (VITA)	21.009	V13100	7/01/12 - 06/30/13	941
Total Department of Treasury				\$ 5,367
<b>Department of Labor</b>				
<i>Montana Department of Labor</i>				
<i>WIA Cluster</i>				
IIC WIA YOUTH	17.259	NMHRC9007, AMENDMENT 4	7/01/11 - 06/30/12	107,739
IIC WIA YOUTH	17.259	DLISFY13 WIAYOUTH010	7/01/12 - 06/30/13	115,950
IIC WIA YOUTH	17.259	DLISFY13 WIAYOUTH010, Mod 1	7/01/12 - 06/30/13	0
IIA WIA ADULT	17.258	MACO10PY07AD, AMEND 4	7/01/11 - 06/30/12	96,285
IIA WIA ADULT REALLOCATION	17.258	MACO10PY07AD, AMEND 4, Mod 1	7/01/11 - 06/30/12	4,658
Total Department of Labor, WIA Cluster				\$ 324,632
<b>Department of Energy</b>				
<i>Montana Dept. of Public Health and Human Services</i>				
ARRA DOE WEATHERIZATION	81.042	09-029-30028-0	4/01/09 - 2/29/12	12,227
ARRA DOE WEATHERIZATION - SERC	81.042	11-029-30041-0	12/01/10 - 3/31/12	64,437
DOE WEATHERIZATION	81.042	11-028-30028-0	7/01/11 - 6/30/12	91,765
DOE WEATHERIZATION	81.042	12-028-30028-0	7/01/12 - 6/30/13	71,857
BONNEVILLE POWER WX	81.042	12-028-30007-0	10/01/11 - 09/30/12	102,225
BONNEVILLE POWER WX	81.042	13-028-30007-0	10/01/12 - 09/30/13	21,620
Total Department of Energy				\$ 364,131

The accompanying note is an integral part of this schedule (see page 27).

Supplemental Schedule  
 NORTHWEST MONTANA HUMAN RESOURCES, INC.  
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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2012

FEDERAL SOURCE PASS THROUGH SOURCE PROGRAM	CFDA Number	Contract Number	Contract Period	Federal Expenditures
<i>Department of Health and Human Services</i>				
<i>Montana Dept. of Public Health and Human Services</i>				
TANF Cluster				
WoRC (Flathead & Lincoln Counties)	93.558	12-022-28011-0	7/01/11 - 06/30/12	417,125
WoRC (Flathead & Lincoln Counties)	93.558	13-022-28011-0	7/01/12 - 06/30/13	378,227
TANF EMPLOYMENT SERVICES	93.558	13-022-66011-0	7/01/12 - 06/30/13	91,491
TANF SUMMER YOUTH EMPLOYMENT	93.558	NMHRC9007, AMENDMENT 4T	6/5/12 - 8/31/12	\$ 41,189
				<u>928,032</u>
Refugee and Entrant Assistance Program	93.566	12-022-28011-0	7/01/11 - 06/30/12	0
Refugee and Entrant Assistance Program	93.566	13-022-28011-0	7/01/12 - 06/30/13	0
Total TANF Cluster				\$ <u>928,032</u>
LIEAP Cluster				
LIEAP CRF	93.568	12-028-11008-0	10/01/11 - 11/30/12	284,515
LIEAP CRF	93.568	13-028-11008-0	10/01/12 - 09/30/13	98,342
LIEAP WEATHERIZATION	94.568	11-028-16008-0	7/01/11 - 08/31/12	570,286
LIEAP WEATHERIZATION	94.568	12-028-16008-0	7/01/12 - 06/30/13	376,216
LIEAP CLIENT EDUCATION	93.568	12-028-11022-0	10/01/11 - 8/31/13	42,570
LIEAP CLIENT EDUCATION	93.568	13-028-11022-0	10/01/12 - 09/30/13	144
LIEAP OUTREACH	93.568	12-028-11058-0	9/01/11 - 8/31/13	76,930
LIEAP OUTREACH	93.568	13-028-11058-0	10/01/12 - 09/30/13	4,206
LIEAP ADMINISTRATION	93.568	12-028-11008-0	10/01/11 - 09/30/12	69,423
LIEAP ADMINISTRATION	93.568	13-028-11008-0	10/01/12 - 09/30/13	50,838
Total LIEAP Programs				\$ <u>1,573,470</u>
CSBG Cluster				
CSBG	93.569	11-028-10008-0	1/01/11 - 8/31/12	229,739
CSBG	93.569	12-028-10008-0	1/01/12 - 6/30/13	190,883
Total CSBG Cluster				\$ <u>420,622</u>
Total Department of Health and Human Services				\$ <u>2,922,124</u>
Less Program Income Neighborhood Stabilization Program				<u>(1,107,644)</u>
TOTAL FEDERAL EXPENDITURES				\$ <u>4,479,506</u>
Department of Housing and Urban Development Loan (S.H.O.P)				
Department of Housing and Urban Development Loan (S.H.O.P)	14.247	SH-02-007		\$ 106,667
Department of Housing and Urban Development Loan (S.H.O.P)	14.247	SH-03-007A		120,000
Department of Housing and Urban Development Loan (S.H.O.P)	14.247	SH-03-007B		93,333
Department of Housing and Urban Development Loan (S.H.O.P)	14.247	SH-01-007B		66,667
Department of Housing and Urban Development Loan (S.H.O.P)	14.247	SH-05-007		120,000
Department of Housing and Urban Development Loan (S.H.O.P)	14.247	NMHR 06-01		160,000
Department of Housing and Urban Development Loan (S.H.O.P)	14.247	CAPNM 06-02		20,000
Department of Housing and Urban Development Loan (S.H.O.P)	14.247	CAPNM 07-1		140,000
Department of Housing and Urban Development Loan (S.H.O.P)	14.247	CAPNM 08-01		240,000
Department of Housing and Urban Development Loan (S.H.O.P)	14.247	CAPNM 08-2		120,000
Total HUD Loans				\$ <u>1,186,667</u>

The accompanying note is an integral part of this schedule (see page 27).

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STATEMENT OF REVENUE AND EXPENSES  
 BUDGET AND ACTUAL

WEATHERIZATION ASSISTANCE PROGRAMS

Grant Number: DPHHS 11-028-16008-0, 11-028-30028-0 and 09-029-30028-0  
 Grant Period: DOE: July 1, 2011 through June 30, 2012  
 LIEAP: July 1, 2011 through August 31, 2012  
 DOE ARRA: April 1, 2009 through February 29, 2012

	LIEAP		DOE		DOE ARRA	
	Budget	Actual	Budget	Actual	Budget	Actual
<b>Revenue</b>						
Grant Revenue	\$ 820,331	\$ 820,331	\$ 186,713	\$ 186,713	\$ 3,055,229	\$ 3,055,229
Misc Revenue	0	6,095	0	0	0	345
<b>Total Revenue</b>	<u>\$ 820,331</u>	<u>\$ 826,426</u>	<u>\$ 186,713</u>	<u>\$ 186,713</u>	<u>\$ 3,055,229</u>	<u>\$ 3,055,574</u>
<b>Expenses</b>						
Administration	\$ 0	\$ 0	\$ 135,401	\$ 129,858	\$ 225,421	\$ 66,376
Program Support	816,831	823,401	12,198	31,680	2,339,249	2,507,884
Training & TA	0	0	20,000	11,220	61,000	62,258
Liability Insurance	0	0	10,820	11,353	19,261	19,261
Financial Audit	0	0	7,200	7,164	8,000	7,996
Health and Safety	0	0	1,094	149	402,298	395,032
Low Cost/No Cost Weatherization	3,500	3,095	0	0	0	0
<b>Total Expenses</b>	<u>\$ 820,331</u>	<u>\$ 826,496</u>	<u>\$ 186,713</u>	<u>\$ 191,424</u>	<u>\$ 3,055,229</u>	<u>\$ 3,058,807</u>
Transfer In	0	70	0	4,711	0	3,233
<b>REVENUE OVER (UNDER) EXPENSES</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Supplemental Schedule  
 NORTHWEST MONTANA HUMAN RESOURCES, INC.  
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STATEMENT OF REVENUE AND EXPENSE  
 BUDGET AND ACTUAL

BONNEVILLE POWER ADMINISTRATION WEATHERIZATION

Grant Number: DPHHS 12-028-30007-0  
 Grant Period: October 1, 2011 to September 30, 2012

	Budget	Actual
Grant Revenue	\$ <u>148,732</u>	\$ <u>148,732</u>
Expenses		
Administration	\$ 18,591	\$ 7,268
Program Operations	110,620	138,765
Health and Safety	<u>19,521</u>	<u>4,463</u>
Total Expenses	\$ <u>148,732</u>	\$ <u>150,496</u>
Transfers In	<u>0</u>	<u>1,764</u>
REVENUE OVER (UNDER) EXPENSES	<u><u>0</u></u>	<u><u>0</u></u>

Supplemental Schedule  
 NORTHWEST MONTANA HUMAN RESOURCES, INC.  
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STATEMENT OF REVENUE AND EXPENSE  
 BUDGET AND ACTUAL

ARRA - SUSTAINABLE ENERGY RESOURCES FOR CONSUMERS

Grant Number: DPHHS 11-029-30041-0  
 Grant Period: December 1, 2010 to March 31, 2012

	Budget	Actual
Revenue		
Grant Revenue	\$ <u>99,091</u>	\$ <u>99,091</u>
Expenses		
Administration	\$ 8,000	\$ 2,330
Program Operations	\$ 91,091	
Salaries		\$ 1,550
Fringe Benefits		861
Advertising		417
Travel, Telephone, etc.		105
Allocable Program Costs		123
Contractor Payments/Materials		80,178
T & TA		<u>21,380</u>
Total Expenses	\$ <u>99,091</u>	\$ <u>106,944</u>
Transfer In	<u>0</u>	<u>7,853</u>
REVENUE OVER (UNDER) EXPENSES	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

Supplemental Schedule  
 NORTHWEST MONTANA HUMAN RESOURCES, INC.  
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STATEMENT OF REVENUE AND EXPENSE  
 BUDGET AND ACTUAL

NORTHWESTERN ENERGY FREE WEATHERIZATION PROGRAM

Grant Number: DPHHS 12-028-18008-0  
 Grant Period: January 1, 2012 through December 28, 2012

	Budget	Actual
Revenue		
Grant Revenue	\$ <u>87,909</u>	\$ <u>87,909</u>
Expenses		
Program Operations	\$ 70,327	
Salaries		\$ 21,619
Fringe Benefits		8,635
Contractor Payments/Materials		40,073
Program Overhead	\$ 17,582	
Salaries		\$ 9,690
Fringe Benefits		3,529
Rent, Utilities & Allocable Costs		<u>4,363</u>
Total Expenses	\$ <u>87,909</u>	\$ <u>87,909</u>
REVENUE OVER (UNDER) EXPENSES	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

Supplemental Schedule  
 NORTHWEST MONTANA HUMAN RESOURCES, INC.  
 DBA COMMUNITY ACTION PARTNERSHIP OF NORTHWEST MONTANA  
 Kalispell, Montana

STATEMENT OF REVENUE AND EXPENSES  
 BUDGET AND ACTUAL

LOW INCOME ENERGY ASSISTANCE PROGRAMS

Grant Number: DPHHS 12-028-11008-0  
 Grant Period: LIEAP - October 1, 2011 through September 30, 2012  
 CRF - October 1, 2011 through November 30, 2012

	<u>LIEAP Administration</u>		<u>CRF</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue			
Contract Revenue			\$ 360,746
Grant Revenue	\$ 109,989	\$ 109,989	
Total Revenue	\$ 109,989	\$ 109,989	\$ 360,746
Expenses	\$ 109,989		
Audit		\$ 360	
Salaries		66,540	
Fringe Benefits		12,141	
Supplies		1,248	
Service Agreements		468	
Postage		30	
Telephone		936	
Internet Services		189	
Travel & Training		992	
Rent		3,280	
Repair & Maintenance		243	
Records Charges		0	
Web Site Development		274	
Meetings		55	
Equipment and Network Rentals		677	
Allocated Administration		21,360	
Allocated Program Costs		2,862	
Wood - Reimbursement			\$ 30,895
Wood - Direct Client Pay			149,292
Wood - Vendor Payments			7,222
Utilities in Rent			5,197
Landlord Payment			15,323
General Vendor Payment			725
Emergency Repair			125,336
Client Utility Reimbursement			26,758
Total Expenses	\$ 109,989	\$ 111,654	\$ 360,746
Transfer In	0	1,665	0
REVENUE OVER (UNDER) EXPENSES	\$ 0	\$ 0	\$ 0



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STATEMENT OF REVENUE AND EXPENSES

ENERGY SHARE OF MONTANA

Provider: Energy Share of Montana  
Contract Period: July 1, 2011 through June 30, 2012

Revenue		
Contract Program Revenue	\$	69,177
Contract Admin Revenue		10,089
Client Repayment Revenue		1,085
Fuel Assistance Support for Energy Share		<u>4,413</u>
Total Revenue	\$	<u>84,764</u>
Expenses		
Administration	\$	3,932
Operations		17,377
Propane		3,568
Fuel Fund		50,388
USB - NWE Benefits		11,787
Appliance Replacements		<u>3,435</u>
Total Expenses	\$	<u>90,486</u>
Transfer In		<u>5,722</u>
REVENUE OVER (UNDER) EXPENSES	\$	<u><u>0</u></u>

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STATEMENT OF REVENUE AND EXPENSES  
 BUDGET AND ACTUAL

WIA YOUTH EMPLOYMENT AND TRAINING PROGRAM

Grant Number: MT Department of Labor - NMHRC9007 - Amendment #4  
 Grant Period: July 1, 2011 through June 30, 2012

	Budget	Actual
<b>Revenue</b>		
Grant Revenue	\$ <u>255,149</u>	\$ <u>236,185</u>
<b>Expenses</b>		
In School		
Program Support	\$ 23,337	\$ 25,223
Administration	0	1,175
Supportive Services	678	820
On the Job Training/Support	<u>1,500</u>	<u>1,493</u>
Subtotal	<u>25,515</u>	<u>28,710</u>
Out of School		
Program Support	197,636	195,345
Supportive Services	7,998	4,560
On the Job Training/Support	16,000	6,480
Classroom Training	<u>8,000</u>	<u>1,090</u>
Subtotal	<u>229,634</u>	<u>207,475</u>
<b>Total Expenses</b>	\$ <u>255,149</u>	\$ <u>236,185</u>
<b>REVENUE OVER (UNDER) EXPENSES</b>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

Supplemental Schedule  
 NORTHWEST MONTANA HUMAN RESOURCES, INC.  
 Kalispell, Montana  
 DBA COMMUNITY ACTION PARTNERSHIP OF NORTHWEST MONTANA

STATEMENT OF REVENUE AND EXPENSES  
 BUDGET AND ACTUAL

WIA ADULT EMPLOYMENT AND TRAINING PROGRAM

Grant Number: MT Department of Labor - MACO10PY07AD - Amendment #4  
 Grant Period: July 1, 2011 through June 30, 2012

	Budget	Actual
Revenue		
Grant Revenue	\$ <u>147,945</u>	\$ <u>143,501</u>
Expenses		
Core Services	\$ 6,755	\$ 8,335
Intensive Services		
Case Management	91,160	77,917
Work Experience (WEX)	19,000	31,752
Support Services	6,845	3,237
Training Services		
Program Support	13,000	9,207
Classroom Training	0	6,570
Supportive Services	<u>11,185</u>	<u>6,483</u>
Total Expenses	\$ <u>147,945</u>	\$ <u>143,501</u>
REVENUE OVER (UNDER) EXPENSES	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

Supplemental Schedule  
 NORTHWEST MONTANA HUMAN RESOURCES, INC.  
 Kalispell, Montana  
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STATEMENT OF REVENUE AND EXPENSES  
 BUDGET AND ACTUAL

WIA ADULT EMPLOYMENT AND TRAINING PROGRAM  
 REALLOCATION CARRYOVER FUNDS

Grant Number: MT Department of Labor - MACO10PY07AD - Amendment #4 -  
 Modification #1  
 Grant Period: July 1, 2011 through June 30, 2012

	Budget	Actual
Revenue		
Grant Revenue	\$ <u>7,741</u>	\$ <u>7,741</u>
Expenses		
Intensive Services - Case Management	\$ 7,741	
Salaries		\$ 3,722
Fringe Benefits		988
Travel		123
Rent and Utilities		1,291
Allocated Administration		1,399
Allocated Program		<u>219</u>
Total Expenses	\$ <u>7,741</u>	\$ <u>7,741</u>
REVENUE OVER (UNDER) EXPENSES	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

Supplemental Schedule  
 NORTHWEST MONTANA HUMAN RESOURCES, INC.  
 DBA COMMUNITY ACTION PARTNERSHIP OF NORTHWEST MONTANA  
 Kalispell, Montana

STATEMENT OF REVENUE AND EXPENSES  
 BUDGET AND ACTUAL

SUMMER YOUTH EMPLOYMENT

Grant Number: NMHRC9007 - TANF AMENDMENT #4T  
 Grant Period: June 5, 2012 through August 31, 2012

	Budget	Actual
Grant Revenue	\$ <u>124,757</u>	\$ <u>41,189</u>
Expenses		
Administration	\$ 16,400	\$ 1,463
Program - Case Management	18,700	
Salaries		5,977
Fringe Benefits		1,673
Travel		134
Telephone		4
Supplies, Postage, Printing, etc.		11
Repair and Maintenance		15
Rent & Utilities		506
Allocated Program Costs		235
Worksite Learning	89,657	
Work Experience		27,983
Supportive Services		<u>3,189</u>
Total Expenses	\$ <u>124,757</u>	\$ <u>41,189</u>
REVENUE OVER (UNDER) EXPENSES	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

Supplemental Schedule  
 NORTHWEST MONTANA HUMAN RESOURCES, INC.  
 DBA COMMUNITY ACTION PARTNERSHIP OF NORTHWEST MONTANA  
 Kalispell, Montana

STATEMENT OF REVENUE AND EXPENSES  
 BUDGET AND ACTUAL

STATE DISPLACED HOMEMAKER PROGRAM

Grant Number: DLISFY12\_05SDH120  
 Grant Period: July 1, 2011 through June 30, 2012

	Budget	Actual
Revenue		
Grant Revenue	\$ 30,054	\$ 25,754
In Kind Revenue	<u>4,508</u>	<u>1,495</u>
Total Revenue	<u>\$ 34,562</u>	<u>\$ 27,250</u>
Expenses		
Administration	\$ 3,005	\$ 2,454
Direct Training		
Occupational Skills Training	3,200	1,688
Training Related and Supportive Services		
Supportive Services	3,000	2,583
WEX	10,000	7,650
Case Management	10,849	11,379
In Kind Expense	<u>4,508</u>	<u>1,495</u>
Total Expenses	<u>\$ 34,562</u>	<u>\$ 27,250</u>
REVENUE OVER (UNDER) EXPENSES	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

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 NORTHWEST MONTANA HUMAN RESOURCES, INC.  
 DBA COMMUNITY ACTION PARTNERSHIP OF NORTHWEST MONTANA  
 Kalispell, Montana

STATEMENT OF REVENUE AND EXPENSES  
 BUDGET AND ACTUAL

WoRC PROGRAM - FLATHEAD AND LINCOLN COUNTIES

Grant Number: DPHHS - 12-022-28011-0  
 Grant Period: July 1, 2011 through June 30, 2012

	<u>FLATHEAD COUNTY</u>		<u>LINCOLN COUNTY</u>	
	Budget	Actual	Budget	Actual
<b>Revenue</b>				
Grant Revenue	\$ 755,063	\$ 658,031	\$ 138,748	\$ 135,073
Jury Duty Reimbursement	0	13	0	0
Contributions - Restricted	0	24	0	0
<b>Total Revenue</b>	<u>\$ 755,063</u>	<u>\$ 658,069</u>	<u>\$ 138,748</u>	<u>\$ 135,073</u>
<b>Expenses</b>				
Administration	\$ 100,000	\$ 111,267	16,440	17,559
Program				
Salaries	396,954	365,188	60,399	59,931
Fringe Benefits	102,252	92,488	19,645	18,478
Operating Expenses				
Audit	2,000	2,981	300	544
Travel	2,000	1,037	6,200	4,886
Training	1,000	108	250	0
Liability/Bond Insurance	0	0	50	6
Telephone	1,500	1,154	3,000	2,352
Supplies, Postage, Printing, etc.	9,000	7,696	1,935	1,414
Service Agreements	3,500	3,147	100	6
Advertising	500	242	150	6
Contract Services	3,000	41	300	0
Rent & Utilities	16,500	16,109	8,080	7,388
Educational Items to be Given to Clients	1,750	115	500	75
Equipment Rental / Network Charges	345	421	200	80
Allocated Program Costs	26,384	12,641	4,222	2,051
TANF Employment Services				
Wages	66,283	37,582	12,733	17,708
Fringe Benefits	22,095	4,761	4,244	2,364
Supportive Services	0	1,092	0	225
<b>Total Expenses</b>	<u>\$ 755,063</u>	<u>\$ 658,069</u>	<u>\$ 138,748</u>	<u>\$ 135,073</u>
<b>REVENUE OVER (UNDER) EXPENSES</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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STATEMENT OF REVENUE AND EXPENSES

SOCIAL SECURITY PAYEE - LIBBY

Program Period: July 1, 2011 through June 30, 2012

	Actual
Revenue	
Revenue	\$ <u>3,872</u>
Program Operation Expenses	
Administration	\$ 699
Audit	23
Salaries	2,174
Fringe Benefits	717
Telephone	12
Postage	46
Travel	67
Allocable Program Costs	<u>79</u>
Total Program Operation Expenses	\$ <u>3,816</u>
Transfer In	<u>56</u>
REVENUE OVER (UNDER) EXPENSES	\$ <u><u>0</u></u>



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STATEMENT OF REVENUE AND EXPENSES  
 BUDGET AND ACTUAL

COMMUNITY SERVICES BLOCK GRANT (CSBG)

Grant Number: DPHHS 11-028-10008-0  
 Grant Period: January 1, 2011 Through August 31, 2012

	Budget	Actual
Grant Revenue	\$ <u>421,702</u>	\$ <u>421,702</u>
Expenses		
Category 1 - Personnel Costs		
Salaries	\$ 161,080	\$ 162,297
Fringe Benefits	48,324	44,625
Contract Services	7,500	3,700
Category 2 - Non-Personnel Costs		
Audit Expense	1,500	1,873
Legal Expenses	1,500	0
Supplies, Telephone, Dues, Misc.	6,303	10,704
Travel	10,000	9,197
Board Meeting Expenses	12,000	11,780
Staff Training	7,500	4,408
Space Cost and Rentals	11,000	12,336
Support To Programs	95,207	103,734
Sanders County Transportation Support	4,000	4,000
Rent and Satellite Office Support	3,600	3,616
Allocated Administration	43,492	44,025
Allocated Program Costs	<u>8,696</u>	<u>5,407</u>
Total Expenses	\$ <u>421,702</u>	\$ <u>421,702</u>
REVENUE OVER (UNDER) EXPENSES	\$ <u>0</u>	\$ <u>0</u>

Supplemental Schedule  
 NORTHWEST MONTANA HUMAN RESOURCES, INC.  
 DBA COMMUNITY ACTION PARTNERSHIP OF NORTHWEST MONTANA  
 Kalispell, Montana

STATEMENT OF REVENUE AND EXPENSES

VISTA PROJECTS

Program Period: October 1, 2011 through December 31, 2012

	Actual
Revenue	
Restricted Contributions	\$ 11,355
Interest Revenue	10
PHC Raffle Ticket Sales	919
In Kind Revenue	<u>68</u>
Total Revenue	\$ <u>12,351</u>
Program Operation Expenses	
Supplies and Printing	\$ 309
Travel	67
Advertising and Marketing	349
In Kind Expense	68
Utilities	68
Audit	<u>10</u>
Total Program Operation Expenses	\$ <u>870</u>
Project Homeless Connect Expenses	
Supportive Services	<u>9,568</u>
Total Project Homeless Connect Expenses	\$ <u>9,568</u>
Transfer Out	<u>(1,913)</u>
REVENUE OVER (UNDER) EXPENSES	<u><u>0</u></u>

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STATEMENT OF REVENUE AND EXPENSES  
 BUDGET AND ACTUAL

AMERICAN COLLEGE OF BANKRUPTCY

Grant Period: April 11, 2011 through March 31, 2012

	Budget	Actual
Revenue		
Grant Revenue	\$ <u>10,000</u>	\$ <u>10,000</u>
Expenses		
Contract Labor	\$ 5,300	\$ 9,452
Audit	0	46
Office Supplies and Postage	100	355
Printing	500	0
Telephone	100	0
Advertising	0	39
Travel and Training	500	2,020
IT, Software and Hardware	3,500	0
Total Expenses	\$ * <u>10,000</u>	\$ <u>11,912</u>
Transfer In	<u>0</u>	<u>1,912</u>
REVENUE OVER (UNDER) EXPENSES	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

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 NORTHWEST MONTANA HUMAN RESOURCES, INC.  
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STATEMENT OF REVENUE AND EXPENSES

FREE TO CHOO\$E

Program Period: July 1, 2011 through June 30, 2012

	Actual
Revenue	
Revenue from Participants	\$ <u>760</u>
Program Operation Expenses	
Salaries	\$ 71
Fringe Benefits	12
Supplies, Service Agreements & Telephone	284
Travel	501
Record Checks	47
Meetings & Training Expenses	1,027
Equipment Rental / Network Charges	29
Allocated Administration	20
Allocated Program Costs	2
Audit	<u>78</u>
Total Program Operation Expenses	\$ <u>2,072</u>
Transfer In From Prior Year	5,807
Transfer Out to Next Year	<u>(4,496)</u>
REVENUE OVER (UNDER) EXPENSES	<u><u>\$ 0</u></u>

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STATEMENT OF REVENUE AND EXPENSES

VOLUNTEER INCOME TAX ASSISTANCE

Program Period: July 1, 2011 through June 30, 2012

	Actual
Revenue	
Grant Revenue	\$ 4,426
LIEAP Support	<u>1,099</u>
Total Revenue	<u>\$ 5,525</u>
Program Operation Expenses	
Salaries	\$ 3,688
Fringe Benefits	1,044
Supplies and Postage	45
Travel	261
Office Rent	750
Meetings & Training Expenses	12
Awards & Recognition Materials	210
Allocable Program & Administration Costs	1,356
Audit	<u>46</u>
Total Program Operation Expenses	<u>\$ 7,411</u>
Transfer In	<u>1,887</u>
REVENUE OVER (UNDER) EXPENSES	<u><u>\$ 0</u></u>

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STATEMENT OF REVENUE AND EXPENSES

HARVEST FOUNDATION

Program Period: June 1, 2011 through November 30, 2012

	Actual
Revenue	
Grant Revenue	\$ 10,000
Revenue	119
Interest Revenue	<u>8</u>
Total Revenue	\$ <u>10,127</u>
Program Operation Expenses	
Salaries	\$ 2,457
Fringe Benefits	567
Supplies and Postage	1,955
Travel	654
Office Rent	529
Records Check	224
Reference Library & Materials	1,050
Contract Services	1,750
Meetings & Training Expenses	321
Allocable Program & Administration Costs	765
Audit	<u>46</u>
Total Program Operation Expenses	\$ <u>10,318</u>
Transfer In	<u>191</u>
REVENUE OVER (UNDER) EXPENSES	<u><u>0</u></u>

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STATEMENT OF REVENUE AND EXPENSES  
 BUDGET AND ACTUAL

RURAL LISC - HUD SECTION 4 GRANT

Grant Number: Rural LISC - 43110-0010  
 Grant Period: October 1, 2011 through September 30, 2012

	Budget	Actual
Revenue		
Grant Revenue	\$ <u>17,000</u>	\$ <u>17,000</u>
Expenses		
Salaries	\$ 9,273	\$ 9,795
Fringe Benefits	2,318	2,834
Rural LISC Conference Travel & Expenses	2,500	1,046
Audit	50	56
Rent	0	444
Allocated Administration	1,700	3,570
Allocated Program Costs	1,159	372
Total Expenses	\$ <u>17,000</u>	\$ <u>18,118</u>
Transfer In	<u>0</u>	<u>1,118</u>
REVENUE OVER (UNDER) EXPENSES	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

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STATEMENT OF REVENUES AND EXPENSES

COURTYARD APARTMENTS - 32 UNITS

Contract Period: July 1, 2011 through June 30, 2012

	Low Income Units 1 - 16	Transitional Units 17 - 32
<b>Revenue</b>		
Rents	\$ 56,901	\$ 39,679
Adjustment from NMHR Side for Office for On-Site Manager	180	(180)
Write Off Recovered	200	0
Snap Support	0	14,829
Refunds/Rebates	151	0
Interest Income	74	74
	<u>57,506</u>	<u>54,402</u>
<b>Total Revenue</b>	<b>\$ 57,506</b>	<b>\$ 54,402</b>
<b>Expenses</b>		
Salary	\$ 23,622	\$ 24,083
Fringe Benefits	6,966	7,192
Interest Expense	7,029	0
Internet Service	261	261
Supplies	420	404
Liability Insurance	5,781	6,069
Telephone	390	327
Travel & Training	779	695
Office Rent	548	532
Legal Assistance	158	671
Advertising	0	161
Property Taxes	5,198	5,199
Utilities	4,694	5,298
Records Check, License Fees and Collection Costs	82	0
Apartment Cleaning and Repair & Contracted Services	10,386	24,579
Groundskeeping	1,493	1,493
Network Charges & Equipment Rental	82	82
Allocated Administration	6,842	6,960
Allocated Program Costs	952	774
	<u>75,684</u>	<u>84,779</u>
<b>Total Expenses</b>	<b>\$ 75,684</b>	<b>\$ 84,779</b>
Increase (Decrease) in Cash from Rental Operations and SNAP Grant	\$ (18,178)	\$ (30,377)
Drawdown from Reserves	38,355	0
Funded by Reserve for Interest	7,029	0
	<u>27,206</u>	<u>(30,377)</u>
<b>REVENUE OVER (UNDER) EXPENSES</b>	<b>\$ 27,206</b>	<b>\$ (30,377)</b>



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STATEMENT OF REVENUE AND EXPENSES

SECTION 8 HOUSING ASSISTANCE

Contract Number: Montana Department of Commerce 12-745-0007  
 Contract Period: July 1, 2011 through June 30, 2012

	Actual
Revenue	
Revenue	\$ 151,901
Inspection Fees	200
	_____
Total Revenue	\$ 152,101
	_____
Expenses	
Salaries	\$ 76,397
Fringe Benefits	25,805
Audit	708
Supplies & Misc.	1,365
Service Agreements	742
Printing	39
Telephone	1,492
Travel	7,887
Staff Training	1,630
Rent	4,980
Records Checks	44
Computer Allocation	51
Equipment Rental	291
Allocated Administration	23,516
Allocated Program Costs	2,660
	_____
Total Expenses	\$ 147,608
	_____
Transfers Out	(4,492)
	_____
REVENUE OVER (UNDER) EXPENSES	\$ 0
	_____

Supplemental Schedule  
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STATEMENT OF REVENUE AND EXPENSES  
 BUDGET AND ACTUAL

HOUSING ASSISTANCE COUNCIL - RCDI 9

Provider: Housing Assistance Council  
 Grant Period: May 27, 2010 - December 31, 2012

	Budget	Actual
Grant Revenue	\$ <u>10,000</u>	\$ <u>10,000</u>
Expenses		
Salaries	\$ 3,770	\$ 4,661
Fringe Benefits	930	739
Staff Training and Travel	3,300	6,258
Advertising and Outreach	500	0
Rent	200	197
Audit	50	33
Allocated Administration	1,050	1,394
Allocated Program Costs	<u>200</u>	<u>168</u>
Total Expenses	\$ <u>10,000</u>	\$ <u>13,449</u>
Transfer In	<u>0</u>	<u>3,449</u>
REVENUE OVER (UNDER) EXPENSES	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

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 DBA COMMUNITY ACTION PARTNERSHIP OF NORTHWEST MONTANA  
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STATEMENT OF REVENUE AND EXPENSE  
 BUDGET AND ACTUAL

ARRA - HOMELESS PREVENTION AND RAPID RE-HOUSING PROGRAM

Grant Number: DPHHS 09-029-51008-0  
 Grant Period: June 14, 2009 through May 31, 2012

	Budget	Actual
Revenue		
Grant Revenue	\$ 487,660	\$ 487,660
Revenue	<u>0</u>	<u>3,781</u>
Total Revenue	\$ <u>487,660</u>	\$ <u>491,441</u>
Expenses		
Administration	\$ 16,634	\$ 18,173
Program Support	114,776	
Salaries		65,386
Fringe Benefits		31,187
Audit		925
Travel		1,141
Telephone		1,566
Supplies		4,642
Specialized Tracking Software		3,000
Rent and Utilities		5,814
Supportive Services		
Homeless Prevention	188,500	309,282
Rapid Re-Housing	<u>167,750</u>	<u>52,689</u>
Total Expenses	\$ <u>487,660</u>	\$ <u>493,804</u>
Transfer In	<u>0</u>	<u>2,363</u>
REVENUE OVER (UNDER) EXPENSES	<u>\$ 0</u>	<u>\$ 0</u>

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 DBA COMMUNITY ACTION PARTNERSHIP OF NORTHWEST MONTANA  
 Kalispell, Montana

STATEMENT OF REVENUE AND EXPENSE  
 BUDGET AND ACTUAL

HUD - SUPPORTIVE HOUSING ASSISTANCE

Grant Number: MT0005B8T001003  
 Grant Period: February 1, 2011 through January 31, 2012

	Budget	Actual
Revenue		
Grant Revenue	\$ <u>35,769</u>	\$ <u>35,769</u>
Expenses		
Administration	\$ 1,640	\$ 1,774
Operating Expense - Courtyard Apartments	19,772	19,772
Supportive Services		
Case Management	7,357	7,610
Supportive Services to Tenants	<u>7,000</u>	<u>7,391</u>
Total Expenses	\$ <u>35,769</u>	\$ <u>36,548</u>
Transfers In	<u>0</u>	<u>779</u>
REVENUE OVER (UNDER) EXPENSES	<u><u>0</u></u>	<u><u>0</u></u>

Supplemental Schedule  
 NORTHWEST MONTANA HUMAN RESOURCES, INC.  
 DBA COMMUNITY ACTION PARTNERSHIP OF NORTHWEST MONTANA  
 Kalispell, Montana

STATEMENT OF REVENUE AND EXPENSE  
 BUDGET AND ACTUAL

USDA HOUSING PRESERVATION GRANT

Grant Period: October 1, 2010 to December 31, 2012

	Budget	Actual
Revenue		
Grant Revenue	\$ <u>25,000</u>	\$ <u>25,000</u>
Expenses		
Program Support	\$ 225	\$ 228
Rehabilitation Costs	<u>24,775</u>	<u>24,772</u>
Total Expenses	\$ <u>25,000</u>	\$ <u>25,000</u>
REVENUE OVER (UNDER) EXPENSES	<u>\$ 0</u>	<u>\$ 0</u>

Supplemental Schedule  
 NORTHWEST MONTANA HUMAN RESOURCES, INC.  
 DBA COMMUNITY ACTION PARTNERSHIP OF NORTHWEST MONTANA  
 Kalispell, Montana

STATEMENT OF REVENUE AND EXPENSES  
 HOME AND COMMUNITY SERVICES WAIVER  
 CASE MANAGEMENT SERVICES

Provider: DPHHS - Senior & Long Term Care Division  
 Contract Period: July 1, 2011 through June 30, 2012

	Actual
Revenue	
Case Management	\$ 267,091
Special Equipment/Environmental Modification	21,646
AOA Per Diem Revenue	<u>11,463</u>
Total Revenue	<u>\$ 300,200</u>
Expenses	
Audit	\$ 2,808
Salaries	189,234
Fringe Benefits	48,380
Supplies & Printing	2,302
Service Agreements	1,709
Bad Debt Expense	898
Telephone	1,160
Travel & Training	4,486
Liability Insurance	111
Rent	9,334
Advertising and Marketing	(347)
Records Check	88
Repair & Maintenance	60
Moving Expenses	887
Awards & Recognition Materials	161
Utilities	1,098
Special Equipment/Environmental Modification	21,650
Computer Charges/Equipment Rent	8,378
Board Meeting Expenses	54
Allocable Administration	64,380
Allocable Program Costs	<u>5,541</u>
Total Expenses	<u>\$ 362,374</u>
Transfers In	<u>62,174</u>
REVENUE OVER (UNDER) EXPENSES	<u><u>\$ 0</u></u>

Supplemental Schedule  
 NORTHWEST MONTANA HUMAN RESOURCES, INC.  
 DBA COMMUNITY ACTION PARTNERSHIP OF NORTHWEST MONTANA  
 Kalispell, Montana

STATEMENT OF REVENUE AND EXPENSES

PERSONAL TOUCH HOME CARE

Provider: DPHHS - Senior & Long Term Care Division  
 Contract Period: July 1, 2011 through June 30, 2012

	Actual
Revenue	
Revenue	\$ 631,617
Medicaid Home Services	90,763
Home Community Based Services.	116,371
Private Pay	16,896
Health Insurance Reimbursement Contract	67,717
Restricted Contributions - Wellness	850
	850
<b>Total Revenue</b>	<b>\$ 924,214</b>
Expenses	
Salaries	\$ 166,425
Fringe Benefits	39,640
Supplies	1,018
Printing	345
Audit	4,604
Service Agreements	10,661
Telephone	2,190
Travel & Training	3,026
Meeting Expenses	74
Awards & Recognition Materials	321
Wellness Testing/Expenses	2,030
Bad Debt Expense	3,316
Rent & Utilities	7,745
Advertising and Marketing	6,947
Records Check	634
Repair & Maintenance	61
Network and Equipment Rental	5,182
Allocated Administration	50,778
Allocated Program Costs	5,838
Contract Services	78
Moving Expenses	2,502
Liability/Bond Insurance	171
Delivered Services - Personal Care Attendants	611,181
	611,181
<b>Total Expenses</b>	<b>\$ 924,766</b>
Transfers In	551
	551
<b>REVENUE OVER (UNDER) EXPENSES</b>	<b>\$ 0</b>

Supplemental Schedule  
 NORTHWEST MONTANA HUMAN RESOURCES, INC.  
 DBA COMMUNITY ACTION PARTNERSHIP OF NORTHWEST MONTANA  
 Kalispell, Montana

STATEMENT OF REVENUE AND EXPENSES

CASE MANAGEMENT PROTECTED PAYEES

Contract Period: July 1, 2011 to June 30, 2012

	Actual
Revenue	
Contract Revenue	\$ 774
Waiver Payee Revenue	<u>13,880</u>
Total Revenue	\$ <u>14,654</u>
Expenses	
Salaries	\$ 959
Fringe Benefits	273
Rent	40
Allocable Administration Costs	293
Allocable Program Costs	32
Audit	7
Waiver Payee Expenses	<u>13,880</u>
Total Expenses	\$ <u>15,483</u>
Transfers In	<u>829</u>
REVENUE OVER (UNDER) EXPENSES	<u><u>\$ 0</u></u>



Supplemental Schedule  
 NORTHWEST MONTANA HUMAN RESOURCES, INC.  
 DBA COMMUNITY ACTION PARTNERSHIP OF NORTHWEST MONTANA  
 Kalispell, Montana

SCHEDULE OF ALLOCATED ADMINISTRATIVE COSTS  
 BUDGET AND ACTUAL

For the Twelve Months Ended December 31, 2012

Expenses	Budget	Actual
Salaries	\$ 363,342	\$ 365,783
Fringe Benefits	112,822	95,041
Supplies & Printing	26,000	22,692
Service Agreements	10,800	6,982
Postage	28,000	24,858
Telephone	10,000	10,820
Travel & Training	10,000	3,532
Liability Insurance	49,632	50,868
Dues and Subscriptions	2,500	3,843
Rent	22,275	18,847
Advertising & Marketing	2,000	2,372
Contract Services	6,500	6,241
Storage	1,000	543
Repairs and Maintenance	3,500	2,632
Legal Assistance	1,500	1,095
Equipment Rental from General Fund	14,780	14,340
Internet Services	10,250	12,821
Accounting Software/Network Costs	3,020	249
Copy Center	2,500	2,205
	<u>680,421</u>	<u>645,764</u>
Total Expenses	\$ <u>680,421</u>	\$ <u>645,764</u>



Loren W. Randall, P.C.  
Certified Public Accountants

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

Independent Auditor's Report

Board of Directors  
Northwest Montana Human Resources, Inc.  
dba Community Action Partnership of Northwest Montana  
P.O. Box 8300  
Kalispell, Montana 59904-1300

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 Northwest Montana Human Resources, Inc. dba Community Action Partnership of Northwest Montana, (Agency) and its affiliate, which comprise the consolidated statement of financial position as of December 31, 2012 and 2011, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements and have issued our report thereon dated June 6, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Agency'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 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 and 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 Agency'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 *Government 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 entity'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Loren W. Randall, P.C.  
Certified Public Accountants

Missoula, Montana  
June 6, 2013



Loren W. Randall, P.C.  
Certified Public Accountants

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
OMB CIRCULAR A-133

Independent Auditor's Report

Board of Directors  
Northwest Montana Human Resources, Inc.  
dba Community Action Partnership of Northwest Montana  
P.O. Box 8300  
Kalispell, Montana 59904-1300

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

We have audited Northwest Montana Human Resources, Inc. dba Community Action Partnership of Northwest Montana and its affiliate, (Agency) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended December 31, 2012. The Agency'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 Agency'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 Agency'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 Agency's compliance.

### *Opinion on Each Major Federal Program*

In our opinion, the Agency 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.

### *Other Matters*

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 which are described in the accompanying schedule of findings and questioned costs as item 2012-001. Our opinion on each major federal program is not modified with respect to these matters.

The Agency's response to the noncompliance finding identified in our audit is described in the accompanying Agency's Response and Corrective Action Plan. The Agency's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Management of the Agency 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 Agency's internal control over compliance with the 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 Agency'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2012-001, that we consider to be significant deficiencies.

The Agency's response to the internal control over compliance finding identified in our audit is described in the accompanying Agency's Response and Corrective Action Plan. The Agency's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

This 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.



Loren W. Randall, P.C.  
Certified Public Accountants

Missoula, Montana  
June 6, 2013

Northwest Montana Human Resources, Inc.  
dba Community Action Partnership of Northwest Montana

Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2012

Section I – Summary of Auditor’s Results

Financial Statements

Type of Auditor’s Report	Unqualified	
Material Weaknesses Identified	___ Yes	<u> X </u> No
Significant Deficiencies Identified	___ Yes	<u> X </u> None Reported
Noncompliance Material to the Financial Statements Noted?	___ Yes	<u> X </u> No

Federal Awards

Internal Control over Major Programs: Material Weaknesses Identified?	___ Yes	<u> X </u> No
Significant Deficiencies Identified?	<u> X </u> Yes	___ None Reported

Type of auditor’s report issued on Compliance for Major Programs	Unqualified
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Any Audit Findings Disclosed that are Required to be Reported in Accordance With Section 510(a) of OMB Circular A-133?	<u> X </u> Yes	___ No
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Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
10.420	Department of Agriculture, Rural Self-Help Housing Technical Assistance
14.247	Department of Housing and Urban Development, Loans and Loan Guarantees
14.218 ARRA	Department of Housing and Urban Development, Neighborhood Stabilization Program
81.042	Department of Energy, Weatherization

Dollar threshold used to Distinguish between Type A and Type B Programs: \$300,000

Auditee Qualified as Low-Risk Auditee?	<u> X </u> Yes	___ No
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Section II – Financial Statement Findings

There were no findings required to be reported in the current or prior year.

Northwest Montana Human Resources, Inc.  
dba Community Action Partnership of Northwest Montana

Schedule of Findings and Questioned Costs, continued  
For the Year Ended December 31, 2012

Section III – Federal Award Findings and Questioned Costs

2012-001 Calculation of Income Eligibility

Department of Housing and Urban Development  
*City of Kalispell, Montana*

14.218 ARRA, Neighborhood Stabilization Program, MT-NSP-12-007-01-001D

As a term of the grant award, reasonable assurance must be provided that eligible individuals and organizations receive assistance under Federal award programs. The Agency's internal controls over the calculation of client household income did not always detect errors in calculations, period of time in which household income would be verified, inclusions of 10 percent of savings, or verification of no income for adult household members to supporting documents submitted to determine eligibility. The result was that client household incomes could be mis-calculated without detection. It was determined, however, that all clients served did qualify under the income eligibility criteria as required.

RECOMMENDATION:

We recommend that the Agency review its control procedures to calculate client household income, and review client file procedures to ensure that they will be able to detect and correct errors in calculations, gaps in wage periods reported and to give assurance that the calculation of income is correctly performed.





# Community Action Partnership of Northwest Montana

*Helping People. Improving Lives. Strengthening Communities.*

## Main Office

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Fax: 406-752-6582

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Phone: 406-883-3470  
Fax: 406-883-3481

*Serving Flathead,  
Lake, Lincoln and  
Sanders Counties  
since 1976 as  
Northwest Montana  
Human Resources, Inc.*

*HRDC District 10*

[www.nmhr-dist10.org](http://www.nmhr-dist10.org)



May 31, 2013

Loren W. Randall, PC  
Certified Public Accountants  
P.O. Box 4325  
Missoula, MT 59806

Dear Mr. Randall:

CAPNM's response to the recent "Federal Awards Findings and Questioned Costs" in the Northwest Montana Human Resources, Inc.'s (DBA Community Action Partnership of Northwest Montana) audit for the year ended December 31, 2012 is as follows.

CAPNM remains steadfastly committed to complying with all regulations regarding client eligibility. The Fiscal Department has distributed an income eligibility calculation worksheet to all Department Directors and Program Managers, including the NSP/CLT Program, to guide users in the input of data and required information. When all input is complete, the form tells the workers if an applicant is eligible or not.

The Fiscal Department will continue to work closely with the Housing Department Director and the NSP/CLT Program Specialist to provide training on using the income eligibility calculation worksheet and to be available to them for assistance and oversight on any matters involving financial calculations.

Sincerely,

Douglas D. Rauthe  
Executive Director