



NORTHWEST MONTANA HUMAN RESOURCES, INC.
DBA

COMMUNITY ACTION PARTNERSHIP
OF NORTHWEST MONTANA

**Audited Consolidated
Financial Statements and
Compliance Reports**

December 31, 2014 and 2013



NORTHWEST MONTANA HUMAN RESOURCES, INC.
DBA COMMUNITY ACTION PARTNERSHIP OF NORTHWEST MONTANA
December 31, 2014

Board of Directors
(Seated as of December 31, 2014)

Holly Walsh, President
Renee Funk, Vice President
Laura Burrowes, Secretary Treasurer
Marianne Roose, Director
Ernest Scherzer, Director
Vince Rubino, Director
Glen Magera, Director
Faith Hodges, Director
Kate Huntsberger, Director
Duane Lutke, Director
Linda Landrum, Director
Robin Haidle, Director

Management

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Jane A. Nolan, CPA, Chief Financial/Development Officer
Wendy Nissen, Personnel Officer
Allison Metzler, Development Director
Margaret Jones, Director of Weatherization
Marney McCleary, Director of Housing
Rachelle Centner, Director of Personal Touch Homecare
Kim Wallace, Director of Fuel Assistance
Karen Nosek, Director of Education and Training
Don Preston, 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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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 statements of financial position as of December 31, 2014 and 2013, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our 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, 2014 and 2013, 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.

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 12, 2015 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.

Randall, Hensel & Company
Certified Public Accountants

Missoula, Montana
June 12, 2015

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
 As of December 31

ASSETS	2014	2013
Cash and Cash Equivalents	\$ 3,134,326	\$ 3,197,714
Investment in Certificate of Deposit	120,824	120,283
Accounts Receivable	202,372	66,584
Employee Advances	1,920	1,511
Grants Receivable	270,345	1,025,309
Prepaid Expenses	41,441	30,979
Inventory of Homes for Resale	1,080,026	1,470,799
Inventory of Land for Mutual Self-Help Housing	309,546	299,677
Loans Receivable (Net of Allowance for Doubtful Accounts)	1,148,745	1,249,600
Capitalized Housing Development Costs	496,927	169,633
Equipment (Net of Depreciation)	147,641	172,746
Land and Buildings (Net of Depreciation)	2,219,612	2,052,593
TOTAL ASSETS	\$ 9,173,725	\$ 9,857,428
LIABILITIES AND NET ASSETS		
LIABILITIES		
Trade Accounts Payable	\$ 113,094	\$ 76,041
Due to Grantor/Funds Held in Trust	879,573	842,244
Salaries and Compensated Absences Payable	154,884	274,113
Deferred Revenue	15,780	97,667
Short-Term Debt	45,000	0
Long-Term Debt	1,331,083	1,319,060
TOTAL LIABILITIES	\$ 2,539,414	\$ 2,609,125
NET ASSETS		
Unrestricted	\$ 6,112,155	\$ 6,414,759
Temporarily Restricted	522,156	833,544
TOTAL NET ASSETS	\$ 6,634,311	\$ 7,248,303
TOTAL LIABILITIES AND NET ASSETS	\$ 9,173,725	\$ 9,857,428

The accompanying notes are an integral part
of these consolidated 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>2014</u>	<u>2013</u>
UNRESTRICTED NET ASSETS		
OPERATING REVENUES		
Program Grants	\$ 4,314,065	\$ 4,408,823
Contracts	1,817,699	1,613,681
Sale of Homes	1,693,060	487,000
Sale of Land to Mutual Self-Help Families	0	255,000
Contributions	19,223	15,736
Bad Debt Recovery	41,314	0
Interest	23,326	26,122
Other	4,828	24,121
Net Assets Released from Restrictions	<u>323,715</u>	<u>16,521</u>
TOTAL OPERATING REVENUES	<u>\$ 8,237,230</u>	<u>\$ 6,847,004</u>
OPERATING EXPENSES		
Program Services		
Community Services	\$ 627,217	\$ 400,551
Energy Programs	1,859,615	1,911,259
Job Training Programs	670,095	937,552
Housing Programs	4,297,352	1,632,475
In-Home Assistance Programs	574,529	720,996
Supporting Services		
General Administration	<u>511,026</u>	<u>627,565</u>
TOTAL OPERATING EXPENSES	<u>\$ 8,539,834</u>	<u>\$ 6,230,398</u>
INCREASE/(DECREASE) IN UNRESTRICTED NET ASSETS	<u>\$ (302,604)</u>	<u>\$ 616,606</u>
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	\$ 12,327	\$ 9,520
Net Assets Released from Restrictions	<u>(323,715)</u>	<u>(16,521)</u>
INCREASE/(DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u>\$ (311,388)</u>	<u>\$ (7,001)</u>
TOTAL INCREASE/(DECREASE) IN NET ASSETS	(613,992)	609,605
NET ASSETS AT BEGINNING OF YEAR		
Unrestricted, as Originally Reported	\$ 6,414,759	\$ 5,628,520
Re-capitalization of Project Costs (See Note 16)		169,633
Unrestricted, as Restated		<u>\$ 5,798,153</u>
Temporarily Restricted	<u>833,544</u>	<u>840,545</u>
TOTAL NET ASSETS AT BEGINNING OF YEAR	<u>\$ 7,248,303</u>	<u>\$ 6,638,698</u>
NET ASSETS AT END OF YEAR		
Unrestricted	\$ 6,112,155	\$ 6,414,759
Temporarily Restricted	<u>522,156</u>	<u>833,544</u>
TOTAL NET ASSETS AT END OF YEAR	<u><u>\$ 6,634,311</u></u>	<u><u>\$ 7,248,303</u></u>

The accompanying notes are an integral part
of these consolidated 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, 2014

	Community Services	Energy Programs	Job Training Programs	Housing Programs	In-Home Assistance Programs	Total Expenses
PROGRAM SERVICES						
Salaries and Wages	\$ 283,632	618,175	422,216	242,194	120,696	1,686,913
Health Insurance	24,561	83,774	68,473	35,537	21,590	233,935
TSA Contributions	7,447	17,470	11,171	3,224	1,859	41,171
Payroll Taxes	45,192	97,118	39,050	37,050	12,555	230,965
Contracted Services	7,660	7,520	3,361	8,021	1,750	28,312
Rent/Utilities	-	42,144	17,687	19,660	809	80,300
Supplies, Service & Repairs	19,376	43,370	31,011	39,473	10,097	143,327
Legal Assistance	2,210	-	-	2,919	1,363	6,492
Depreciation	77,053	-	37	8,789	17	85,896
Telephone / Internet	2,700	12,890	9,162	5,619	2,116	32,487
Travel and Training	38,066	53,085	12,383	18,674	1,704	123,912
Interest	36,172	-	-	-	-	36,172
Property/General Liability Insurance	8,533	11,535	155	24,501	216	44,940
Bad Debts	2	-	-	-	546	548
Home Weatherization	-	352,035	-	40	-	352,075
Fuel Assistance	-	493,150	-	-	-	493,150
Employment / Training	2,747	233	40,871	269	122	44,242
Home Health Wages, Fringe & Travel	-	-	-	-	390,847	390,847
Housing Cost of Sales	-	-	-	3,832,189	-	3,832,189
Supportive Services	64,212	16,853	13,130	1,450	-	95,645
Other Program Related	7,654	10,263	1,388	17,743	8,242	45,290
TOTAL PROGRAM SERVICES	\$ 627,217	1,859,615	670,095	4,297,352	574,529	8,028,808
SUPPORTING SERVICES						
General Administration	\$ 87,372	184,013	128,523	74,055	37,063	511,026
TOTAL EXPENSES	\$ 714,589	2,043,628	798,618	4,371,407	611,592	8,539,834

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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, 2013

	Community Services	Energy Programs	Job Training Programs	Housing Programs	In-Home Assistance Programs	Total Expenses
PROGRAM SERVICES						
Salaries and Wages	\$ 114,515	635,431	570,189	392,129	156,925	1,869,189
Health Insurance	22,092	80,433	89,110	51,820	17,528	260,983
TSA Contributions	6,090	17,461	13,855	6,681	2,975	47,062
Payroll Taxes	21,448	115,180	59,602	60,312	18,605	275,147
Contracted Services	4,630	7,902	4,029	25,790	3,308	45,659
Rent/Utilities	8,040	51,939	17,420	22,680	661	100,740
Supplies, Service & Repairs	11,031	34,985	27,188	37,258	9,842	120,304
Legal Assistance	10,186	-	-	14,702	22	24,910
Depreciation	89,952	3,405	146	10,061	52	103,616
Telephone / Internet	2,499	15,196	6,903	7,087	2,731	34,416
Travel and Training	28,203	77,966	9,162	15,145	1,085	131,561
Interest	38,870	-	-	6,787	-	45,657
Property/General Liability Insurance	-	12,629	15	25,025	216	37,885
Bad Debts	4	-	-	4,463	162	4,629
Home Weatherization	982	390,253	-	-	-	391,235
Fuel Assistance	-	459,869	-	-	-	459,869
Employment / Training	3,243	458	121,009	865	119	125,694
Home Health Wages, Fringe & Travel	-	-	-	-	498,578	498,578
Land for Mutual Self-Help Housing	22,518	-	-	204,000	-	226,518
Housing Cost of Sales	-	-	-	644,579	-	644,579
Supportive Services	10,785	-	17,833	88,771	-	117,389
Other Program Related	5,463	8,152	1,091	14,320	8,187	37,213
TOTAL PROGRAM SERVICES	\$ 400,551	1,911,259	937,552	1,632,475	720,996	5,602,833
SUPPORTING SERVICES						
General Administration	\$ 56,587	207,683	182,830	129,594	50,871	627,565
TOTAL EXPENSES	\$ 457,138	2,118,942	1,120,382	1,762,069	771,867	6,230,398

The accompanying notes are an integral part
of these consolidated 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

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Grants and Contributions	\$ 5,018,692	\$ 4,520,068
Cash Received from Contracts	1,681,911	1,641,688
Cash Received from Interest	10,383	12,104
Cash Received from Sale of Land and Homes Inventory	1,726,864	742,000
Cash Received from Other Operating Activities	4,830	24,121
Cash Received from Amounts in Trust	37,329	13,347
Cash Paid to/for Employees	(3,068,288)	(3,534,813)
Cash Paid to Suppliers/Vendors	(1,588,500)	(1,687,237)
Cash Paid for Inventory of Homes	(3,485,089)	(948,070)
Cash Paid for Interest	(46,634)	(45,657)
Net Cash Provided/(Used) by Operating Activities	<u>\$ 291,498</u>	<u>\$ 737,551</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Principal Loan Payments Received	\$ 155,110	\$ 55,571
Principal Loan Payments Advanced	0	(23,427)
Purchase of Investments	(541)	(852)
Proceeds from the Sale of Land	33,804	0
Purchase of Equipment/Building Improvements	(600,282)	(171,207)
Net Cash Provided/(Used) by Investing Activities	<u>\$ (411,909)</u>	<u>\$ (139,915)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Debt	\$ 241,532	\$ 158,419
Principal Payments on Debt	(184,509)	(804,571)
Net Cash Provided/(Used) by Financing Activities	<u>\$ 57,023</u>	<u>\$ (646,152)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (63,388)	\$ (48,516)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,197,714</u>	<u>3,246,230</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 3,134,326</u></u>	<u><u>\$ 3,197,714</u></u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES		
Increase/(Decrease) in Net Assets	\$ (613,992)	\$ 609,605
Adjustments to Reconcile Change in Net Assets to Net Cash Provided/(Used) by Operating Activities		
Items not Affecting Cash:		
Depreciation	97,270	115,534
Provision for Loan Loss Reserves	(47,764)	(659)
Interest Added to Debt	(12,943)	(14,018)
Forgiveness of Debt	6,452	5,127
Changes in Assets and Liabilities:		
Decrease/(Increase) in Grants Receivable	754,964	2,497
Decrease/(Increase) in Accounts Receivable	(135,788)	28,007
Decrease/(Increase) in Prepaid Expenses	(10,462)	14,802
Decrease/(Increase) in Employee Advances	(409)	(1,511)
Decrease/(Increase) in Inventory of Land and Homes	380,904	(76,973)
Increase/(Decrease) in Trade Accounts Payable	37,053	(65,029)
Increase/(Decrease) in Salaries and Accrued Payroll Payable	(119,229)	23,330
Increase/(Decrease) in Due to Grantor/Funds Held in Trust	37,329	13,347
Increase/(Decrease) in Deferred Revenue	(81,887)	83,492
Net Cash Provided/(Used) by Operating Activities	<u><u>\$ 291,498</u></u>	<u><u>\$ 737,551</u></u>

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013

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, 2014 and 2013. All significant inter-company transactions and balances have been eliminated. (See Note 18).

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 and non-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 alleviate poverty, 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 CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2014 and 2013

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

C. Basis of Accounting and Use of Estimates

The Agency's consolidated 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, if any, 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. Significant estimates include the Agency's estimate of the allowance for doubtful accounts for loans receivable. (See Note 2.D.)

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 \$522,156 and \$833,544 of temporarily restricted net assets as of December 31, 2014 and 2013, 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, 2014 and 2013, 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. As of December 31, 2014 and 2013, cash and cash equivalents consisted of the following:

	2014	2013
Interest Bearing Checking Accounts	\$ 678,332	\$ 1,085,360
Money Market/Savings Accounts	2,417,535	2,081,445
Non-Interest Bearing Deposit Accounts	38,459	30,909
Total	\$ 3,134,326	\$ 3,197,714

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013

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, 2014 and 2013 was \$120,824 and \$120,283, respectively. The certificate matures on November 18, 2015. The interest rate in effect as of December 31, 2014 and 2013 was 0.45% and 0.45%, respectively. The carrying amounts of the certificate of deposits are recorded at fair market value due to their relatively short-term nature.

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 consolidated 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, capacity building, financial literacy, economic development, homeless services, 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 achieve self-sufficiency.

Housing programs provide rental assistance, rental housing, new home construction for eligible low-income participants, repair assistance for senior citizens, and purchase of foreclosed and/or abandoned 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, 2014, 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, 2014 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 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 \$2,365,998 in grant commitments from various funding sources at year-end 2014, compared to \$2,059,132 at year-end 2013.

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	Allowance- Doubtful Accounts	Loans Receivable	Allowance- Doubtful Accounts
	<u>12/31/2014</u>	<u>12/31/2014</u>	<u>12/31/2013</u>	<u>12/31/2013</u>
Senior Home Repair Program	\$ 305,249	\$ 15,263	\$ 345,459	\$ 16,909
Affordable Housing:				
Fernwell	435,551	0	435,551	0
Westgate Senior Associates	123,503	0	126,340	0
Silent Second Mortgages				
Mutual Self-Help Housing:				
Columbia Falls	4,489	224	4,357	199
Tiebucker	1,074	54	1,042	52
Tiebucker III/Empire Estates 2	68,440	35,745	68,440	35,745
Empire Estates 3/Mountain Vista North	18,300	9,150	21,350	10,675
Spring Creek I and II	120,790	60,395	156,242	78,121
Spring Creek III	4,255	213	18,576	205
Spring Creek IV	18,578	929	17,945	897
Spring Creek V	10,451	523	10,095	505
Tiebucker Phase III	169,598	97,035	229,460	126,967
Empire Estates 2	175,996	87,998	170,035	85,017
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	\$ 1,456,274	\$ 307,529	\$ 1,604,892	\$ 355,292
Less Allowance	<u>(307,529)</u>		<u>(355,292)</u>	
Loans Receivable, Net of Allowance	<u>\$ 1,148,745</u>		<u>\$ 1,249,600</u>	

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NOTE 2: RECEIVABLES . . . continued

D. Loans Receivable . . . continued

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.

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 0.5% 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.

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NOTE 2: RECEIVABLES . . . continued

D. Loans Receivable . . . continued

Silent Second Mortgages – Mutual Self-Help Housing

The Agency has loaned participants in their Mutual Self-Help Housing program funding for down-payment assistance for the purchase of land the homes were built on and cost over runs during construction of their homes. The loans range from \$750 to \$41,710 per household. All loans are due upon the sale, refinance, or rental of the home constructed.

A summary of the loans and applicable interest rates are as follows:

Mutual Self-Help Housing:	Year of First Loan	Interest Rate	Total Loaned	Funding Source
Columbia Falls	2004	3.0%	\$ 26,305	MSH
Tiebucker	2005	3.0%	19,500	MSH
Tiebucker III/Empire Estates 2	2007	0.0%	71,490	HOME
Empire Estates 3/Mountain Vista North	2008	0.0%	27,129	HOME
Spring Creek I and II	2009	0.0%	156,242	HOME
Spring Creek III	2011	3.5%	17,727	SHOP
Spring Creek IV	2012	3.5%	17,026	SHOP
Spring Creek V	2013	3.5%	10,000	SHOP
Tiebucker Phase III	2007	3.5%	211,798	SHOP
Empire Estates 2	2008	3.5%	<u>149,990</u>	SHOP
Total			<u>\$ 707,207</u>	

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

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NOTE 2: RECEIVABLES . . . continued

D. Loans Receivable . . . continued

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, 2014 and 2013, 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, 2014 and 2013, 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.

ALLOWANCE FOR CREDIT LOSSES AND RECORDED INVESTMENT IN FINANCING RECEIVABLES

For the Year Ending December 31, 2013

	RESIDENTIAL			
	SENIOR HOME REPAIR	AFFORDABLE HOUSING	MUTUAL SELF-HELP HOUSING	TOTAL
Total Financing Receivables, December 31, 2013	\$ 345,459	\$ 561,891	\$ 697,542	\$ 1,604,892
Allowance for Credit Losses, January 1, 2013	(18,114)	0	(337,838)	(355,952)
Charge-offs	0	0	5,127	5,127
Recoveries	0	0	0	0
Current Year Provision for Losses	1,205	0	(5,672)	(4,467)
Allowance for Credit Losses, December 31, 2013	(16,909)	0	(338,383)	(355,292)
Net Financing Receivables, December 31, 2013	\$ 328,550	\$ 561,891	\$ 359,159	\$ 1,249,600
Receivables Individually Evaluated for Impairment	\$ 0	\$ 0	\$ 27,523	\$ 27,523
Allowance for Credit Losses	0	0	(27,523)	(27,523)
Receivables Collectively Evaluated for Impairment	345,459	561,891	670,019	1,577,369
Allowance for Credit Losses	(16,909)	0	(310,860)	(327,769)
Net Financing Receivables, December 31, 2013	\$ 328,550	\$ 561,891	\$ 359,159	\$ 1,249,600

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 2: RECEIVABLES . . . continued

D. Loans Receivable . . . continued

ALLOWANCE FOR CREDIT LOSSES AND RECORDED INVESTMENT IN FINANCING RECEIVABLES
For the Year Ending December 31, 2014

	RESIDENTIAL			TOTAL
	SENIOR HOME REPAIR	AFFORDABLE HOUSING	MUTUAL SELF-HELP HOUSING	
Total Financing Receivables, December 31, 2014	\$ 305,249	\$ 559,054	\$ 591,971	\$ 1,456,274
Allowance for Credit Losses, January 1, 2014	(16,909)	0	(338,383)	(355,292)
Charge-offs	0	0	6,452	6,452
Recoveries	0	0	0	0
Current Year Provision for Losses	1,646	0	39,665	41,311
Allowance for Credit Losses, December 31, 2014	<u>(15,263)</u>	<u>0</u>	<u>(292,266)</u>	<u>(307,529)</u>
Net Financing Receivables, December 31, 2014	<u>\$ 289,986</u>	<u>\$ 559,054</u>	<u>\$ 299,705</u>	<u>\$ 1,148,745</u>
Receivables Individually Evaluated for Impairment	\$ 0	\$ 0	\$ 27,523	\$ 27,523
Allowance for Credit Losses	0	0	(27,523)	(27,523)
Receivables Collectively Evaluated for Impairment	305,249	559,054	564,448	1,428,751
Allowance for Credit Losses	<u>(15,263)</u>	<u>0</u>	<u>(264,743)</u>	<u>(280,006)</u>
Net Financing Receivables, December 31, 2014	<u>\$ 289,986</u>	<u>\$ 559,054</u>	<u>\$ 299,705</u>	<u>\$ 1,148,745</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2014 and 2013

NOTE 2: RECEIVABLES . . . continued

E. Loans Receivable . . . continued

CREDIT EXPOSURE
 CREDIT RISK PROFILE BY INTERNALLY ASSIGNED GRADE

	RESIDENTIAL SENIOR HOME/SELF-HELP		RESIDENTIAL AFFORDABLE HOUSING	
	2014	2013	2014	2013
	Pass - Performing Loans	\$ 869,697	\$ 1,015,478	\$ 559,054
Pass with Collateral Deficiencies	27,523	27,523	0	0
Non-Performing, Collateralized	0	0	0	0
Non-Performing, Collateral Deficiencies	0	0	0	0
Total	\$ 897,220	\$ 1,043,001	\$ 559,054	\$ 561,891

AGE ANALYSIS OF PAST DUE FINANCING RECEIVABLES
 December 31, 2014 and 2013

	RESIDENTIAL SENIOR HOME/SELF-HELP		RESIDENTIAL AFFORDABLE HOUSING	
	2014	2013	2014	2013
	30-59 Days Past Due	\$ 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	897,220	1,043,001	559,054	561,891
Total Financing Receivables	\$ 897,220	\$ 1,043,001	\$ 559,054	\$ 561,891

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2014 and 2013

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 2014 and 2013 was \$97,270 and \$115,534, respectively.

Equipment purchased with grant funds is subject to rights of rescission of the grantors. Equipment purchased with grant monies are limited to use by the grant program that purchases the equipment. Should the program terminate, grantors may invoke claim to that equipment purchased through the grant agreement terms.

As of December 31, 2014 and 2013, property and equipment consisted of the following:

	<u>2014</u>	<u>2013</u>
Equipment	\$ 1,107,183	\$ 1,101,695
Less: Accumulated Depreciation	(959,542)	(928,949)
Total Equipment	<u>\$ 147,641</u>	<u>\$ 172,746</u>
Land	\$ 385,174	\$ 385,174
Land - Community Land Trust	1,178,500	944,804
Buildings and Improvements	684,212	684,212
Affordable Housing	793,463	793,463
Less: Accumulated Depreciation	(821,737)	(755,060)
Total Land and Buildings	<u>\$ 2,219,612</u>	<u>\$ 2,052,593</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 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Deferred Revenue, January 1	\$ 97,667	\$ 14,175
Grant Awards Received	7,299,319	6,768,685
Less: Earned Revenue for Expenses Incurred	(5,015,208)	(4,626,061)
Gross Deferred Revenue, December 31	\$ 2,381,778	\$ 2,156,799
Less: Amount not Received in Cash	(2,365,998)	(2,059,132)
Net Deferred Revenue	<u>\$ 15,780</u>	<u>\$ 97,667</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>2014 Balance</u>	<u>2013 Balance</u>
Line of Credit, Glacier Bank of Kalispell August 17, 2006, renewed periodically Maturity: November 18, 2015, 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	774,551	800,641
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., Revolving Credit Line, May 1, 2014 Maturity: April 30, 2016, Interest Rate: 5.5% Terms: Interest Only Payments Quarterly, Principal and Interest Due at Maturity. Unsecured	825,000	196,532	0

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

	Original Loan Amount	2014 Balance	2013 Balance
Rural Lisc Recoverable Grant October 1, 2013 Maturity: June 30, 2015, Interest Rate: 0% Terms: Principal Due at Maturity. Repayment not Required if Housing Project is Unable to Proceed Unsecured	\$ 45,000	\$ 45,000	\$ 0
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	0	158,419
Total Long-Term Debt		\$ 1,376,083	\$ 1,319,060

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

2015	\$	71,789
2016		224,593
2017		29,394
2018		30,791
2019		32,254
Thereafter		987,262
Total	\$	1,376,083

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 2014 and 2013, \$320,000 and \$0 was released from restriction in compliance with the applicable loan agreement, respectively.

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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 Warehouse	\$3,146 monthly to January 31, 2013, \$3,240 monthly to January 31, 2014, \$3,340 monthly to January 31, 2015
Libby Office	\$1,000 monthly to September 2014, month to month thereafter
Libby Warehouse	\$350 month to month ending December 20, 2013
Polson Office	\$300 month to month
Eureka Office	\$250 month to month

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, 2014 and 2013, the Agency's compensated absence liability was \$133,851 and \$151,374, 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 2014 and 2013 the Agency contributed \$49,322 and \$58,631 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 2013 and a provisional approval for 2014. Final approval is expected to be received upon submittal of the 2014 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 \$13,596 and \$12,024 of cash advanced to the Agency as of December 31, 2014 and 2013, 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 \$23,394 and \$6,888 as of December 31, 2014 and 2013, respectively.

In addition, the Agency has made qualifying loans with HOME program funds which, if collected, 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 \$842,583 and \$823,332 as of December 31, 2014 and 2013, 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 154 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.

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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 155 of the lots as of December 31, 2014 and 2013. The remaining lots will be available for qualifying participants in the future. As of December 31, 2014 and 2013, the cost of the lots held in inventory was \$256,790 and \$256,790, plus related infrastructure improvements of \$52,756 and \$42,887, respectively.

NOTE 12: COMMUNITY LAND TRUST

The Agency has purchased 38 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, 2014 and 2013, 29 and 15, respectively of the 38 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, 2014 and 2013, the Agency had \$1,080,026 and \$1,470,799 in homes and improvements available for rehabilitation and resale to qualifying individuals. An additional \$1,178,500 and \$944,804 of land has been committed to the land trust to be held in perpetuity.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013

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, 2014 and 2013.

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.

NORTHWEST MONTANA HUMAN RESOURCES, INC.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2014 and 2013

NOTE 14: INCOME TAX EXPENSE

Provisions for income taxes have not been recorded in the consolidated financial statements because the Agency believes it had no taxable net income unrelated to its exempt purposes in 2014. Income taxes of \$130 were recorded for 2013 related to its debt financed rental activities. With few exceptions, the Agency is no longer subject to U.S. federal or state tax examinations by tax authorities for years before 2011.

NOTE 15: ADMINISTRATIVE COSTS

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

	<u>2014</u>	<u>2013</u>
Wages, Payroll Taxes and Fringe Benefits	\$ 364,819	\$ 487,432
Supplies, Printing, Postage and Office Costs	55,248	46,966
Liability Insurance	33,106	35,788
Contract Services and Service Agreements	20,690	14,297
Equipment Charges	12,530	19,513
Travel and Training	6,592	5,850
Occupancy Costs	<u>18,041</u>	<u>17,719</u>
Total Administrative Expenses	<u>\$ 511,026</u>	<u>\$ 627,565</u>

NOTE 16: CAPITALIZED DEVELOPMENT COSTS / PRIOR PERIOD ADJUSTMENT

The Agency began investigations regarding the purchase and rehabilitation of the Courtyard Apartments in 2011 through the use of tax credits by the State of Montana. The initial development costs were expensed due to the inability to obtain the initial tax credits. Subsequently, the Agency bundled six low-income housing tax credit projects for purchase and rehabilitation with the Courtyard Apartments to facilitate the approval of tax credits and the purchase of the projects. The capitalized development costs will become part of the cost basis of the properties purchased and are expected to be reimbursed upon the sale of the projects to investors. The amount of costs capitalized from prior years was \$169,633 which resulted in an increase in net assets and increase in Capitalized Housing Development Costs as of January 1, 2013 in the amount of \$169,633. Total Capitalized Development Costs as of December 31, 2014 are \$496,927. The amount of capitalized costs as originally reported was \$0.

NOTE 17: SUBSEQUENT EVENTS

The Agency is the general partner in Columbia Falls Teakettle Vista Associates, a Montana limited partnership. The Agency purchased the interest of the sole Limited Partner for consideration of \$53,250 in March 2015. The partnership will be solely owned by the Agency until a new Limited Partner enters and tax credit re-syndication takes place in 2016. The Agency borrowed \$53,251 from NeighborWorks Montana in March 2015 to facilitate this purchase. Interest accrues at 1%. Interest only payments are due quarterly beginning June 30, 2015. The note matures on March 31, 2045.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 17: SUBSEQUENT EVENTS . . . continued

The Agency also purchased the interests of the two limited partners in Westgate Senior Associates, a Montana limited partnership in March 2015 for \$49,000. The general partner relinquished its interest in the limited partnership for \$6,000 from the limited partners. The partnership will be solely owned by the Agency until a new Limited Partner enters and tax credit re-syndication takes place in 2016. The Agency borrowed \$49,000 from NeighborWorks Montana in March 2015 to facilitate this purchase. Interest accrues at 1%. Interest only payments are due quarterly beginning June 30, 2015. The note matures on March 31, 2045.

The Agency is in the process of purchasing the interests of the limited and general partners of 4 additional limited partnerships (see Note 16).

NOTE 18: 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, 2014 and 2013. Following is the balance sheet and results of operations of the Northwest Montana Community Land Trust, Inc. for the years ended December 31, 2014 and 2013:

<u>Assets</u>	2014	2013
Cash and Cash Equivalents	\$ 4,195	\$ 4,322
Receivable from Related Party	5,000	0
Homes Held for Resale	922,949	1,372,886
Land Held in Trust	1,178,500	944,804
Total Assets	\$ 2,110,644	\$ 2,322,012
<u>Liabilities and Net Assets</u>		
Accounts Payable	\$ 0	\$ 0
Net Assets	2,110,644	2,322,012
Total Liabilities and Net Assets	\$ 2,110,644	\$ 2,322,012
<u>Revenues</u>		
Grant Income	\$ 1,598,529	\$ 957,440
Program Income	1,561,952	450,015
Other Revenue	6,055	4,777
Total Revenue	\$ 3,166,536	\$ 1,412,232
<u>Expenses</u>		
Program Income to Sponsor	\$ 1,561,952	\$ 450,015
Cost of Homes Sold	1,814,770	572,709
Miscellaneous Expenses	1,182	1,051
Total Expenses	\$ 3,377,904	\$ 1,023,775
Net Revenue over/(under) Expenses	(211,368)	388,457
Net Assets at January 1	2,322,012	1,933,555
Net Assets at December 31	\$ 2,110,644	\$ 2,322,012
Intercompany Accounts Receivable/(Payable)	\$ 5,000	\$ 0
Intercompany Revenues/(Expenses)	\$ 3,160,481	\$ 1,407,455

SUPPLEMENTAL
SCHEDULES

NORTHWEST MONTANA HUMAN RESOURCES, INC.
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EXPLANATION OF SUPPLEMENTAL SCHEDULES
December 31, 2014

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>
Community Services Block Grant	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, 2014 through December 31, 2014. 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 (2013), but were completed in the current year and, consequently, amounts shown differ from amounts reported in the accompanying financial statements.

Acronyms

CAPNM	Community Action Partnership of Northwest Montana
CRF	Contingency 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
HERA	Housing and Economic Recovery Act of 2008
HOME	Home Investment Partnerships Program
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, 2014

FEDERAL SOURCE	CFDA	Contract Number	Contract Period	2014 Federal Expenditures
<i>PASS THROUGH SOURCE</i> PROGRAM	Number			
Department of Agriculture				
<i>Rural Development</i>				
SELF-HELP TECHNICAL ASSISTANCE	10.420	SECTION 523 2011-2013	5/23/11 - 9/30/2014	100,195
Total Department of Agriculture				\$ 100,195
Department of Housing and Urban Development				
<i>Local Initiatives Support Corporation</i>				
Rural LISC - SECTION 4 RECOVERABLE GRANT	14.252	PA#43110-0011	2/1/12 - 1/31/14	260
Rural LISC - SECTION 4 REPAYABLE INVESTMENT	14.252	PA#43110-0015	10/1/13 - 6/30/15	45,000
Rural LISC - SECTION 4 TRAVEL	14.252	PA#43110-0016	2/1/14 - 7/31/15	1,592
<i>Enterprise Community Partners, Inc.</i>				
SECTION 4, AFFORDABLE HOUSING PRESERVATION	14.252	13SG3137	8/1/13 - 7/31/14	31,399
Total Section 4 Capacity Building Grant				\$ 78,252
<i>Montana Dept. of Public Health and Human Services</i>				
EMERGENCY SOLUTIONS GRANTS PROGRAM	14.231	13-028-51008-0	4/1/13 - 8/31/14	40,998
EMERGENCY SOLUTIONS GRANTS PROGRAM	14.231	14-028-51008-0	4/1/14-7/31/15	37,064
Total Emergency Shelter				\$ 78,062
<i>City of Kalispell</i>				
<i>CDBG Entitlement Grants Cluster</i>				
HERA NEIGHBORHOOD STABILIZATION PROGRAM - 1	14.228	MOU - MT-NSP-007-01-001	10/1/09 - 6/30/2014	33,056
HERA NEIGHBORHOOD STABILIZATION PROGRAM - 1	14.228	PROGRAM INCOME	1/1/14 - 12/31/14	552,559
HERA NEIGHBORHOOD STABILIZATION PROGRAM - 3	14.228	PROGRAM INCOME	1/1/14 - 12/31/14	1,140,501
Total CDBG Entitlement Grants Cluster				\$ 1,726,116
<i>Direct</i>				
SUPPORTIVE HOUSING PROGRAM	14.235	MT0005L8T001205	2/01/13 - 1/31/14	6,847
SUPPORTIVE HOUSING PROGRAM	14.235	MT0005L8T001306	2/01/14 - 1/31/15	31,816
Total Supportive Housing Program				\$ 38,663
RAPID-REHOUSING, CONTINUUM OF CARE	14.267	MT0043L8T001300	11/1/14 - 10/31/15	20
Total Department of Housing and Urban Development				\$ 1,921,113
Department of Treasury				
<i>Montana Credit Unions for Community Development</i>				
VOLUNTEER INCOME TAX ASSISTANCE (VITA)	21.009	V14073	7/01/13 - 06/30/14	4,920
VOLUNTEER INCOME TAX ASSISTANCE (VITA)	21.009	15VITA0098	7/01/14 - 06/30/15	555
Total Department of Treasury				\$ 5,475
Department of Energy				
<i>Montana Dept. of Public Health and Human Services</i>				
DOE WEATHERIZATION	81.042	12-028-30028-0	7/01/12 - 6/30/14	62,700
DOE WEATHERIZATION	81.042	13-028-30028-0	7/01/13 - 6/30/14	47,181
DOE WEATHERIZATION	81.042	14-028-30028-0	7/01/14 - 6/30/15	13,129
BONNEVILLE POWER WX	81.042	14-028-31006-0	10/1/13 - 9/30/14	108,973
BONNEVILLE POWER WX	81.042	15-028-31006-0	10/1/14 - 9/30/15	32,751
Total Department of Energy				\$ 264,733

The accompanying note is an integral part of this schedule (see page 28).

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

For the Year Ended December 31, 2014

FEDERAL SOURCE <i>PASS THROUGH SOURCE</i> PROGRAM	CFDA Number	Contract Number	Contract Period	2014 Federal Expenditures
Department of Health and Human Services				
<i>Montana Dept. of Public Health and Human Services</i>				
<i>TANF Cluster</i>				
WoRC (Flathead & Lincoln Counties)	93.558	14-022-28011-0	7/01/13 - 06/30/14	392,897
WoRC (Flathead & Lincoln Counties)	93.558	15-022-28011-0	7/01/14 - 06/30/15	348,132
TANF EMPLOYMENT SERVICES	93.558	13-022-66011-0 AMENDMENT 2	6/30/13 - 6/30/14	49,246
Total TANF Cluster				<u>\$ 790,274</u>
LIEAP CRF	93.568	14-028-11008-0	10/01/13 - 12/31/14	272,042
LIEAP CRF	93.568	15-028-11008-0	10/23/14 - 9/30/15	138,213
LIEAP WEATHERIZATION	93.568	13-028-16008-0	7/01/13 - 6/30/14	479,891
LIEAP WEATHERIZATION	93.568	14-028-16008-0	7/01/14 - 8/31/15	359,474
LIEAP CLIENT EDUCATION	93.568	14-028-14022-0	10/01/13 - 9/30/14	42,137
LIEAP CLIENT EDUCATION	93.568	15-028-14022-0	10/01/14 - 8/31/16	35,802
LIEAP OUTREACH	93.568	13-028-11058-0	10/01/12 - 8/31/14	11,842
LIEAP OUTREACH	93.568	14-028-15058-0	10/01/13 - 8/31/15	26,763
LIEAP OUTREACH	93.568	15-028-15058-0	10/01/14 - 8/31/16	0
LIEAP ADMINISTRATION	93.568	13-028-11008-0	10/01/12 - 6/30/14	5,359
LIEAP ADMINISTRATION	93.568	14-028-11008-0	10/01/13 - 12/31/14	123,180
LIEAP ADMINISTRATION	93.568	15-028-11008-0	10/01/14 - 8/31/16	37,649
Total LIEAP Programs				<u>\$ 1,532,352</u>
CSBG	93.569	13-028-10008-0	1/1/13 - 9/30/14	267,754
CSBG	93.569	14-028-10008-0	1/1/14 - 8/31/15	133,311
Total CSBG				<u>\$ 401,065</u>
Total Dept of Health and Human Services				<u>\$ 2,723,692</u>
TOTAL FEDERAL EXPENDITURES				<u>\$ 5,015,208</u>
Loan and Loan Guarantees				
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 and Loan Guarantees				<u>\$ 866,667</u>

The accompanying note is an integral part of this schedule (see page 28).

**STATEMENT OF REVENUE AND EXPENSES
BUDGET AND ACTUAL**

WEATHERIZATION ASSISTANCE PROGRAMS

Grant Number: DPHHS 13-028-16008-0, 12-028-30028-0 and 13-028-30028-0
Grant Period: DOE: July 1, 2012 through June 30, 2014 (12-028-30028-0)
 DOE: July 1, 2013 through June 30, 2014 (13-028-30028-0)
 LIEAP: July 1, 2013 through August 31, 2014 (13-028-16008-0)

	<u>LIEAP</u>		<u>DOE (12-14)</u>		<u>DOE (13-14)</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
Revenue						
Grant Revenue	\$ 792,046	\$ 792,046	\$ 275,937	\$ 275,937	97,333	\$ 97,333
Misc Revenue		9,200		35		2,384
Total Revenue	<u>\$ 792,046</u>	<u>\$ 801,246</u>	<u>\$ 275,937</u>	<u>\$ 275,972</u>	<u>97,333</u>	<u>\$ 99,717</u>
Expenses						
Administration	\$ 77,933	\$ 59,098	\$ 182,137	\$ 180,828	10,246	\$ 7,951
Program Support	710,113	734,913	69,119	70,463	67,697	74,390
Training & TA	4,000	2,648	7,675	7,675	10,246	8,301
Liability Insurance	0	4,587	12,875	12,875	0	0
Health and Safety	0	0	4,131	4,131	9,144	9,125
Total Expenses	<u>\$ 792,046</u>	<u>\$ 801,246</u>	<u>\$ 275,937</u>	<u>\$ 275,972</u>	<u>97,333</u>	<u>\$ 99,767</u>
Transfer In						50
REVENUE OVER (UNDER) EXPENSES	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>

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

BONNEVILLE POWER ADMINISTRATION WEATHERIZATION

Grant Number: DPHHS 14-028-31006-0
 Grant Period: October 1, 2013 to September 30, 2014

	Budget	Actual
Grant Revenue	\$ <u>153,342</u>	\$ <u>153,342</u>
Expenses	\$	
Administration	18,998	\$ 19,006
Program Operations	125,129	123,398
Health and Safety	<u>9,215</u>	<u>11,475</u>
Total Expenses	\$ <u>153,342</u>	\$ <u>153,879</u>
Transfer In	<u> </u>	<u>537</u>
REVENUE OVER (UNDER) EXPENSES	<u> 0</u>	<u> 0</u>

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 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 14-028-18008-0
 Grant Period: January 1, 2014 through December 12, 2014

	Budget	Actual
Revenue		
Grant Revenue	\$ <u>88,999</u>	\$ <u>88,999</u>
Expenses		
Program Operations	\$ 66,749	
Salaries		\$ 23,909
Fringe Benefits		10,697
Contractor Payments/Materials		32,210
Program Overhead	\$ 22,250	
Salaries		\$ 8,500
Fringe Benefits		2,540
Rent, Utilities & Allocable Costs		<u>11,160</u>
Total Expenses	\$ <u>88,999</u>	\$ <u>89,016</u>
Transfer In	<u> </u>	<u>17</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 EXPENSES
 BUDGET AND ACTUAL

LOW INCOME ENERGY ASSISTANCE PROGRAMS

Grant Number: DPHHS 13-028-11008-0
Grant Period: LIEAP - October 1, 2012 through June 30, 2014
 Previously reported in 2013 before the extension was given to 2014

	LIEAP Administration	
	Budget	Actual
Revenue		
Grant Revenue	\$ <u>174,067</u>	\$ <u>174,067</u>
Total Revenue	\$ <u>174,067</u>	\$ <u>174,067</u>
Expenses	\$ 174,067	
Audit		\$ 676
Salaries		92,046
Fringe Benefits		17,484
Supplies		11,847
Service Agreements		464
Telephone		1,258
Advertising & Marketing		220
Travel & Training		4,793
Rent & Utilities		4,119
Repair & Maintenance		227
Web Site Development		191
Energy Share Support		8,307
Equipment and Network Rentals		166
Allocated Administration		29,240
Allocated Program Costs		<u>3,030</u>
Total Expenses	\$ <u>174,067</u>	\$ <u>174,067</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 EXPENSES
 BUDGET AND ACTUAL

LOW INCOME ENERGY ASSISTANCE PROGRAMS

Grant Number: DPHHS 14-028-11008-0
Grant Period: LIEAP - October 1, 2013 through December 31, 2014
 CRF - October 1, 2013 through December 31, 2014

	<u>LIEAP Administration</u>		<u>CRF</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue			
Contract Revenue			\$ 359,173
Grant Revenue	\$ 174,113	\$ 174,113	<u> </u>
Total Revenue	\$ <u>174,113</u>	\$ <u>174,113</u>	\$ <u>359,173</u>
Expenses	\$ 174,113		
Audit		\$ 609	
Salaries		103,708	
Fringe Benefits		17,473	
Supplies, Postage, Printing		3,215	
Service Agreements		310	
Telephone and Internet		1,506	
Advertising & Marketing		515	
Travel & Training		2,616	
Rent & Utilities		5,254	
Repair & Maintenance		130	
Educational Items for Clients		7,265	
Equipment and Network Rentals		91	
Allocated Administration		28,441	
Allocated Program Costs		3,172	
Bank Fees			\$ 58
Wood - Reimbursement			17,612
Wood - Direct Client Pay			185,873
Wood - Vendor Payments			9,200
Utilities in Rent			6,300
Third Party Payment			10,023
General Vendor Payment			39,105
Emergency Repair			76,934
Client Utility Reimbursement			<u>14,126</u>
Total Expenses	\$ <u>174,113</u>	\$ <u>174,307</u>	\$ <u>359,231</u>
Transfer In		<u>194</u>	<u>58</u>
REVENUE OVER (UNDER) EXPENSES	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

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

LIEAP - CLIENT EDUCATION/ADVOCACY

Grant Number: DPHHS 14-028-14022-0
 Grant Period: October 1, 2013 through September 30, 2014

	Budget	Actual
Revenue		
Grant Revenue	\$ <u>81,801</u>	\$ <u>81,801</u>
Expenses	\$ 81,801	
Salaries		\$ 42,478
Fringe Benefits		7,105
Supplies, Service Agreements & Records checks		385
Postage		220
Printing and Newsletters		308
Telephone		1,847
Travel & Training		22
Rent		1,704
Educational Items for Clients		5,027
Energy Share Support		7,500
Audit Expense		286
Network Charges & Equipment Rental		
Allocated Program Costs		1,373
Allocated Administration		<u>13,545</u>
Total Expenses	\$ <u>81,801</u>	\$ <u>81,801</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 EXPENSES
 BUDGET AND ACTUAL

LIEAP - OUTREACH

Grant Number: DPHHS 13-028-11058-0
 Grant Period: September 1, 2012 through August 31, 2014

	Budget	Actual
Revenue		
Grant Revenue	\$ 50,087	\$ 50,087
	<u>50,087</u>	<u>50,087</u>
Expenses	\$ 50,087	
Salaries		\$ 21,808
Fringe Benefits		3,302
Supplies, Service Agreements & Records checks		113
Postage		1,601
Printing and Newsletters		3,688
Telephone		5,188
Travel & Training		1,457
Rent		3,920
Advertising & Marketing		1,491
Web Site Development		627
Audit Expense		194
Network Charges & Equipment Rental		62
Allocated Program Costs		679
Allocated Administration		5,958
	<u>50,087</u>	<u>50,087</u>
Total Expenses	\$ 50,087	\$ 50,087
	<u>50,087</u>	<u>50,087</u>
REVENUE OVER (UNDER) EXPENSES	\$ 0	\$ 0
	<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

ENERGY SHARE OF MONTANA

Provider: Energy Share of Montana
Contract Period: July 1, 2013 through June 30, 2014

Revenue	
Contract Program Revenue	\$ 106,419
Contract Admin Revenue	14,984
Client Repayment Revenue	1,102
Fuel Assistance Support for Energy Share	<u>4,402</u>
Total Revenue	\$ <u>126,907</u>
Expenses	
Administration	\$ 4,168
Operations	21,268
Fuel Fund	78,603
Fuel Fund - Deposits	2,024
USB - NWE Benefits	17,458
Appliance Replacements	<u>8,334</u>
Total Expenses	\$ <u>131,856</u>
Transfer In	<u>4,950</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
 BUDGET AND ACTUAL

TANF EMPLOYMENT SERVICES

Grant Number: DPHHS 13-022-66011-0 (extended to June 30, 2014)
Grant Period: July 1, 2013 through June 30, 2014

	Budget	Actual
Grant Revenue	\$ <u>127,614</u>	\$ <u>125,777</u>
Expenses	\$ 127,614	
Administration		\$ 5,727
Program - Case Management		
Salaries		19,901
Fringe Benefits		4,711
Travel		570
Telephone and Internet		1,614
Supplies, Postage, Printing, etc.		634
Rent & Utilities		3,994
Allocated Program Costs		573
Worksite Learning		
Work Experience		86,938
Supportive Services		1,874
	<u> </u>	<u> </u>
Total Expenses	\$ <u>127,614</u>	\$ <u>126,535</u>
Transfer In	<u> </u>	<u> 758</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
 BUDGET AND ACTUAL

STATE DISPLACED HOMEMAKER PROGRAM

Grant Number: MT Department of Labor - DLISFY12_05SDH120
 Grant Period: July 1, 2013 through June 30, 2014

	Budget	Actual
Revenue		
Grant Revenue	\$ 30,054	\$ 28,477
In Kind Revenue	<u>4,508</u>	<u>4,807</u>
Total Revenue	<u>\$ 34,562</u>	<u>\$ 33,284</u>
Expenses		
Administration	\$ 3,000	\$ 2,723
Direct Training		
Occupational Skills Training	3,000	1,450
Training Related and Supportive Services		
Supportive Services	3,000	2,185
WEX	10,000	7,049
Case Management	11,054	15,105
In Kind Expense	<u>4,508</u>	<u>4,807</u>
Total Expenses	<u>\$ 34,562</u>	<u>\$ 33,319</u>
Transfer In	<u> </u>	<u>35</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

WoRC PROGRAM - FLATHEAD AND LINCOLN COUNTIES

Grant Number: DPHHS - 14-022-28011-0
Grant Period: July 1, 2013 through June 30, 2014

	<u>FLATHEAD COUNTY</u>		<u>LINCOLN COUNTY</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
Revenue				
Grant Revenue	\$ 711,859	\$ 638,331	\$ 189,700	\$ 184,640
Miscellaneous Revenue		<u>1,645</u>		<u>1,211</u>
Total Revenue	<u>711,859</u>	<u>639,976</u>	<u>189,700</u>	<u>185,851</u>
Expenses				
Administration	\$ 106,073	\$ 105,003	\$ 26,631	27,012
Program				
Salaries	424,762	367,833	105,649	90,741
Fringe Benefits	127,703	102,185	33,055	26,475
Operating Expenses				
Audit	2,500	2,764	500	736
Travel and Training	4,000	4,105	4,250	6,453
Telephone and Internet	1,600	893	2,650	3,365
Supplies, Service Agreements, Printing & Postage	5,500	9,694	2,879	7,914
Supplies to be Inventoried		8,355		7,380
Advertising	1,000	734	100	95
Contract Services	100	70	100	0
Rent & Utilities	23,992	19,948	10,190	9,851
Client Education Materials	1,500	6,878	400	2,898
Equipment Rental / Network Charges	400	287	100	24
Allocated Program Costs	<u>12,729</u>	<u>11,228</u>	<u>3,196</u>	<u>2,908</u>
Total Expenses	<u>\$ 711,859</u>	<u>\$ 639,976</u>	<u>\$ 189,700</u>	<u>\$ 185,851</u>
REVENUE OVER (UNDER) EXPENSES	<u>\$ 0</u>	<u>\$ 0</u>	<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

SOCIAL SECURITY PAYEE - LIBBY

Program Period: July 1, 2013 through June 30, 2014

	Actual
Revenue	
Revenue	\$ <u>1,664</u>
Program Operation Expenses	
Administration	\$ 489
Audit	7
Salaries	1,798
Fringe Benefits	592
Telephone	1
Postage	33
Allocable Program Costs	<u>55</u>
Total Program Operation Expenses	\$ <u>2,975</u>
Transfer In	<u>1,311</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
 BUDGET AND ACTUAL

COMMUNITY SERVICES BLOCK GRANT (CSBG)

Grant Number: DPHHS 13-028-10008-0
 Grant Period: January 1, 2013 Through September 30, 2014

	Budget	Actual
Revenue		
Grant Revenue	\$ 406,062	\$ 406,062
Miscellaneous Revenue	<u> </u>	<u> 620</u>
Total Revenue	<u>\$ 406,062</u>	<u>\$ 406,682</u>
Expenses		
Category 1 - Personnel Costs		
Salaries	\$ 202,336	\$ 198,312
Fringe Benefits	60,701	37,653
Contract Services	2,000	1,600
Category 2 - Non-Personnel Costs		
Audit Expense	1,500	1,581
Legal Expenses	1,500	0
Supplies, Telephone, Dues, Misc.	15,578	9,259
Travel	14,000	14,526
Board Meeting Expenses	6,000	5,886
Staff Training	6,000	5,748
Space Cost and Rentals	14,678	13,794
Support To Programs	27,857	44,964
Sanders County Transportation Support	4,000	4,000
Rent and Satellite Office Support	5,400	4,107
Allocated Administration	38,012	59,136
Allocated Program Costs	<u>6,500</u>	<u>6,116</u>
Total Expenses	<u>\$ 406,062</u>	<u>\$ 406,682</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

PROJECT HOMELESS CONNECT

Program Period: June 1, 2013 through December 31, 2014

	Actual
Revenue	
Contributions (Businesses and Individuals)	\$ 13,328
Interest Revenue	17
	<u> </u>
Total Revenue	\$ 13,345
Program Operation Expenses	
Supplies and Printing	\$ 1,565
Advertising and Marketing	48
Utilities	745
Program Services to Clients	
Supportive Services	<u>10,669</u>
Total Project Homeless Connect Expenses	\$ 13,028
Transfer In From Prior Year	2,206
Transfer Out to Next Year	<u>(2,523)</u>
REVENUE OVER (UNDER) EXPENSES	\$ <u> 0</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

AMERICAN COLLEGE OF BANKRUPTCY - BANKRUPTCY ASSISTANCE PROGRAM

Grant Period: November 13, 2012 through May 31, 2014

	Budget	Actual
Revenue		
Grant Revenue	\$ <u>10,000</u>	\$ <u>4,663</u>
Expenses		
Contract Services - Attorney	\$ 7,300	4,393
Supplies and Postage	100	36
Travel and Training	1,500	195
Telephone	100	0
Printing	500	0
IT needs	500	0
Audit	<u> </u>	<u>39</u>
Total Expenses	\$ <u>10,000</u>	\$ <u>4,663</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

FREE TO CHOOSE

Program Period: June 30, 2013 through June 30, 2014

	Actual
Revenue	
Business and Individual Contributions	\$ 550
Contract Revenue	3,605
Revenue from Participants	<u>16</u>
Total Revenue	<u>4,171</u>
Program Operation Expenses	
Salaries	\$ 4,812
Fringe Benefits	1,154
Supplies, Service Agreements, Printing & Telephone	228
Advertising & Marketing	100
Travel	250
Record Checks	123
Rent & Utilities	350
Meetings & Training Expenses	14
Equipment Rental / Network Charges	12
Allocated Administration	1,325
Allocated Program Costs	142
Audit	<u>19</u>
Total Program Operation Expenses	<u>\$ 8,530</u>
Transfer In From Prior Year	1,811
Transfer In - Program Support	<u>2,548</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

VOLUNTEER INCOME TAX ASSISTANCE (VITA)
 (Subgranted from Montana Credit Unions for Community Development)

Grant Number: IRS - V14073
Program Period: July 1, 2013 through June 30, 2014

	Budget	Actual
Revenue		
Grant Revenue	\$ 7,792	\$ 7,792
Miscellaneous Revenue	<u> </u>	<u>2,500</u>
Total Revenue	\$ 7,792	\$ 10,292
Program Operation Expenses		
Salaries	\$ 5,652	\$ 8,843
Fringe Benefits	1,349	1,360
Supplies	229	230
Telephone		202
Travel	562	115
Advertising & Marketing		564
Office Rent		697
Meetings		122
Allocable Program & Administration Costs		2,565
Audit	<u> </u>	<u>30</u>
Total Program Operation Expenses	\$ <u>7,792</u>	\$ <u>14,730</u>
Transfer In	<u> </u>	<u>4,438</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

RURAL LISC - HUD SECTION 4 RECOVERABLE GRANT

Grant Number: Rural LISC - PA# 43110-0011
Grant Period: February 1, 2012 through January 31, 2014

	Budget	Actual
Revenue		
Grant Revenue	\$ <u>15,000</u>	\$ <u>15,000</u>
Expenses		
Salaries	\$ 8,850	9,297
Fringe Benefits	900	932
Travel		1
Audit		49
Contract Services	2,000	1,884
Rent		446
Allocated Administration	2,850	2,520
Allocated Program Costs	<u>400</u>	<u>317</u>
Total Expenses	\$ <u>15,000</u>	\$ <u>15,446</u>
Transfer In	<u> </u>	<u>446</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

COURTYARD APARTMENTS - 32 UNITS

Contract Period: July 1, 2013 through June 30, 2014

	Low Income Units 1 - 16	Transitional Units 17 - 32
Revenue		
Rents	\$ 74,894	54,669
Adjustment from NMHR Side for Office for On-Site Manager	432	(432)
Write Off Recovered	9	0
SNAP Grant Support	0	21,811
Refund of Property Taxes	8,307	8,307
Tenant Move Out Fees/Laundry Revenue	3,005	3,199
Interest Income	60	60
Total Revenue	\$ 86,706	\$ 87,614
Expenses		
Salary	\$ 19,997	\$ 29,613
Fringe Benefits	5,802	8,648
Internet Service	358	358
Supplies	607	604
Liability Insurance	5,868	5,688
Telephone	638	609
Travel & Training	98	98
Office Rent	356	565
Legal Assistance	1,265	1,265
Advertising	243	243
Property Taxes	3,911	3,911
Utilities	7,523	6,499
Laundry Expense	1,107	1,107
Records Check, License Fees and Collection Costs	87	84
Apartment Cleaning and Repair & Contracted Services	9,674	9,315
Groundskeeping	4,244	4,244
Network Charges & Equipment Rental	2,432	2,432
Allocated Administration	8,003	7,897
Allocated Program Costs	618	985
Total Expenses	\$ 72,832	\$ 84,166
REVENUE OVER (UNDER) EXPENSES	\$ 13,875	\$ 3,448

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

STATEMENT OF REVENUE AND EXPENSES
 BUDGET AND ACTUAL

ENTERPRISE COMMUNITY PARTNERS, INC. - RE-CAP 6+1 PRESERVATION

Grant Number: Enterprise - 13SG3137
 Grant Period: August 1, 2013 through July 31, 2014

	Budget	Actual
Revenue		
Grant Revenue	\$ 50,000	\$ 50,000
Expenses		
Salaries	\$ 18,582	19,148
Fringe Benefits	5,200	4,208
Supplies and Printing	901	437
Audit		194
Travel and Training		134
Advertising and Marketing		805
Contract Services	18,148	18,148
Rent	847	847
Allocated Administration	5,692	5,575
Allocated Program Costs	630	553
Total Expenses	\$ 50,000	\$ 50,049
Transfer In		49
REVENUE OVER (UNDER) EXPENSES	\$ 0	\$ 0

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

STATEMENT OF REVENUE AND EXPENSES
 BUDGET AND ACTUAL

NEIGHBORHOOD STABILIZATION PROGRAM - I
 (Subgranted from the City of Kalispell)

Grant Number: MT-NSP-007-01-001
 Grant Period: October 1, 2009 Through June 30, 2014

	Budget	Actual
Revenue		
Grant Revenue	\$ 2,777,914	\$ 2,777,914
Match		21,403
Program Income		1,594,533
Total Revenue	\$ 2,777,914	\$ 4,393,850
Expenses		
Administration	\$ 131,916	
Personnel Costs		\$ 195,759
Office Operating Costs		40,029
Travel and Training		20,545
Legal Costs		6,344
Audit Fees and 990 costs		8,399
Subtotal	131,916	271,076
Activity Costs	\$ 2,645,998	
Acquisition of Houses		\$ 3,536,481
Rehabilitation of Houses		257,812
Closing Costs		111,895
Holding Costs		187,715
Marketing Costs		5,520
Appraisals and Inspections		17,400
Financing Fees		5,950
Subtotal	2,645,998	4,122,774
Total Expenses	\$ 2,777,914	\$ 4,393,850
REVENUE OVER (UNDER) EXPENSES	\$ 0	\$ 0

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

STATEMENT OF REVENUE AND EXPENSES

SECTION 8 HOUSING ASSISTANCE

Contract Number: Montana Department of Commerce 14-745-0007
Contract Period: July 1, 2013 through June 30, 2014

Revenue

Revenue	\$ 140,195
Inspection Fees	1,600
Interest Income	<u>13</u>

Total Revenue \$ 141,808

Expenses

Salaries	\$ 76,714
Fringe Benefits	19,992
Audit	576
Supplies	1,163
Service Agreements	787
Telephone	1,142
Travel	5,009
Rent	3,736
Advertising and Marketing	467
Equipment Rental and Network Allocation	26
Allocated Administration	22,172
Allocated Program Costs	<u>2,333</u>

Total Expenses \$ 134,116

REVENUE OVER (UNDER) EXPENSES \$ 7,692

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

STATEMENT OF REVENUE AND EXPENSE
 BUDGET AND ACTUAL

EMERGENCY SOLUTIONS GRANT

Grant Number: DPHHS 13-028-51008-0
Grant Period: April 1, 2013 through August 31, 2014

	Budget	Actual
Revenue		
Grant Revenue	\$ 73,815	\$ 73,815
Refunds and Miscellaneous Revenue		2,703
	<u>\$ 73,815</u>	<u>\$ 76,518</u>
Expenses		
Administration	\$ 4,218	\$ 6,671
Program Support	69,597	
Homeless Prevention		23,048
Rapid Re-Housing		46,799
	<u>\$ 73,815</u>	<u>\$ 76,518</u>
Total Expenses	<u>\$ 73,815</u>	<u>\$ 76,518</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

HUD - HOMEBUYER EDUCATION & HOUSING COUNSELING

Provider:	NeighborWorks Montana	
Contract Period:	October 1, 2010 through September 30, 2014	
Revenue		
Revenue	\$	61,135
Revenue from Participants		8,611
Interest Income		<u>11</u>
Total Revenue	\$	<u>69,757</u>
Expenses		
Salaries	\$	33,206
Fringe Benefits		10,081
Audit		473
Supplies, Postage, Printing, etc.		971
Service Agreements		490
Telephone		278
Travel and Training		10,389
Rent		1,096
Advertising and Marketing		794
Housing Counseling Incentive Expense		313
Allocated Administration		9,299
Allocated Program Costs		<u>1,113</u>
Total Expenses	\$	<u>68,501</u>
Transfer Out to Next Year		<u>(1,255)</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 EXPENSE
 BUDGET AND ACTUAL

HUD - SUPPORTIVE HOUSING ASSISTANCE

Grant Number: MT0005L8T001205
Grant Period: February 1, 2013 through January 31, 2014

	Budget	Actual
Revenue		
Grant Revenue	\$ 36,452	\$ 36,452
Refunds		159
Total Revenue	\$ 36,452	\$ 36,611
Expenses		
Administration	\$ 2,323	\$ 1,694
Operating Expense - Courtyard Apartments	19,772	21,811
Supportive Services		
Case Management	7,757	6,768
Supportive Services to Tenants	6,600	6,344
Total Expenses	\$ 36,452	\$ 36,617
Transfers In		6
REVENUE OVER (UNDER) EXPENSES	\$ 0	\$ 0

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, 2013 through June 30, 2014

Revenue	
Revenue	\$ 478,755
Medicaid Home Services	47,889
Home Community Based Services.	91,301
Private Pay	10,489
Health Insurance Reimbursement Contract	64,918
Interest Income	<u>20</u>
Total Revenue	\$ <u>693,372</u>
Expenses	
Salaries	\$ 147,647
Fringe Benefits	39,242
Supplies	1,496
Audit	3,308
Service Agreements	9,700
Dues & Subscriptions	129
Telephone	2,266
Travel & Training	1,835
Legal Assistance	1,060
Bad Debt Expense	463
Rent & Utilities	3,533
Advertising and Marketing	7,601
Records Check	641
Network and Equipment Rental	93
Allocated Administration	42,762
Allocated Program Costs	4,519
Liability/Bond Insurance	216
Delivered Services - Personal Care Attendants	<u>444,934</u>
Total Expenses	\$ 711,444
Transfers In	<u>18,072</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, 2014

	Budget	Actual
Expenses		
Salaries	\$ 395,947	\$ 325,597
Fringe Benefits	58,867	39,222
Supplies & Printing	15,000	17,510
Service Agreements	10,800	11,043
Postage	17,406	19,606
Telephone	12,000	12,483
Travel & Training	5,000	6,592
Liability Insurance	36,244	33,106
Dues and Subscriptions	2,500	3,026
Rent	19,700	16,957
Advertising & Marketing	1,500	1,465
Contract Services	6,250	8,712
Storage	540	540
Repairs and Maintenance	1,500	546
Legal Assistance	1,000	935
Equipment Rental from General Fund	9,816	9,292
Internet Services/Web Site Development	2,100	3,001
Accounting Software/Network Costs	1,000	237
Copy Center	1,660	1,158
	<u>1,660</u>	<u>1,158</u>
Total Expenses	<u>\$ 598,830</u>	<u>\$ 511,026</u>



**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 statements of financial position as of December 31, 2014 and 2013, and the related consolidated statements of activity, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated June 12, 2015.

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 consolidated 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 any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.

Randall, Hensel & Company
Certified Public Accountants

Missoula, Montana
June 12, 2015



**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, 2014. 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, 2014.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Randall, Hensel & Company
Certified Public Accountants

Missoula, Montana
June 12, 2015

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

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2014

Section I – Summary of Auditor’s Results

Financial Statements

Type of Auditor’s Report		Unmodified		
Material Weaknesses Identified	<u> </u>	Yes	<u> X </u>	No
Significant Deficiencies Identified	<u> </u>	Yes	<u> X </u>	None Reported

Noncompliance Material to the Financial Statements Noted?		Unmodified		
	<u> </u>	Yes	<u> X </u>	No

Federal Awards

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

Type of auditor’s report issued on Compliance for Major Programs		Unmodified		
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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?		Unmodified		
	<u> </u>	Yes	<u> X </u>	No

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
93.568	Department of Health and Human Services, Low Income Energy Assistance Program
81.042	Department of Energy, Weatherization
93.569	Department of Health and Human Services, Community Services Block Grant

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

Auditee Qualified as Low-Risk Auditee?		Unmodified		
	<u> X </u>	Yes	<u> </u>	No

Section II – Financial Statement Findings

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

Section III – Federal Award Findings and Questioned Costs

There were no findings required to be reported in the current 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, 2014

Status of Prior Year Findings

Department of Health and Human Services

Montana Department of Health and Human Services

93.558, Temporary Assistance for Needy Families Cluster, 13-022-28011-0, 13-022-66011

2013-001 Payroll Processing and Posting/Allowable Costs (IC/C)

Internal controls over financial reporting should permit the preparation of reliable financial statements and Federal reports and assurance that when financial transactions are entered into the accounting software, that the system is properly posting these transactions to the proper fund and account within the accounting system. OMB Circular A-122, "Cost Principles for Non-profit Organizations" Attachment A, specifies that a cost is allowable under an award if the cost is reasonable and allocable to a particular cost objective, such as a grant, contract, project, service or other activity in accordance to the relative benefit received.

When the Agency contracted to have their payroll processing system changed to reflect the accrual of vacation and sick leave, the new entries generated were not correctly posting to the proper funds. While the totals posted Agency wide were correct, the individual funds within the Agency were not posting correctly. This resulted in overcharging of certain closed funds and undercharging of another fund in the amount of \$36,017 (\$20,833 for CFDA#93.558).

STATUS:

The Agency made appropriate corrections to the payroll processing and corrected any material errors in posting that occurred. The Agency tested changes made to software processing systems to ensure that all changes made are functioning and posting correctly. Applicable grantors for awards that had remaining funds after the ending date of the grant were contacted to determine the appropriate treatment.