

COMMUNITY INVOLVEMENT PROGRAMS
(A Nonprofit Organization)

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION AND
REPORTS REQUIRED BY OMB CIRCULAR A-133

DECEMBER 31, 2015 AND 2014

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
COMMUNITY INVOLVEMENT PROGRAMS
1600 Broadway Street NE
Minneapolis, MN 55413-2617

Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of Community Involvement Programs (a nonprofit organization), which comprise the Statements of Financial Position as of December 31, 2015 and 2014, and the related Statements of Activities, Changes in Net Assets, and Cash Flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the 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 Organization'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 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 financial statements referred to above present fairly, in all material respects, the financial position of Community Involvement Programs as of December 31, 2015 and 2014, 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

Report on Supplemental Information

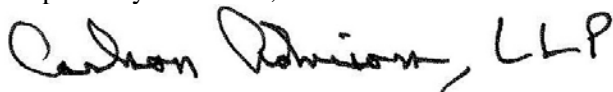
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Changes in Net Assets by Program for the years ended December 31, 2015 and 2014 are presented for purposes of additional analysis and are not a required part of the financial statements. 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 financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

Accounting principles generally accepted in the United States of America require that the accompanying supplemental information shown on pages 24 to 29 be presented to supplement the basic financial statements. The supplementary information is presented for purposes of additional analysis as required by the Uniform Financial Reporting Standards issued by the U.S. Department of Housing and Urban Development, and is not a required part of the financial statements. The accompanying Schedules of Expenditures of Federal Awards and Findings and Questioned Costs on pages 30 to 31 is presented for purposes of additional analysis as required by the Office of Management and Budget Circular A-133, Audits of State, Local Government, and Non-Profit Organizations and is also not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

In accordance with *Government Auditing Standards*, we have also issued two reports dated May 17, 2016 on our consideration of Community Involvement Program's internal control over financial reporting and on our tests of its compliance with certain provisions, regulations, contracts, grant agreements, and other matters. The purpose of these reports 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. These reports are an integral part of *Government Auditing Standards* and should be considered in assessing the results of our audit.

Respectfully submitted,



CARLSON ADVISORS, LLP
Minneapolis, Minnesota

September 26, 2016

COMMUNITY INVOLVEMENT PROGRAMS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

ASSETS

	December 31,	
	2015	2014
CURRENT ASSETS		
Cash	\$ 23,899	\$ 1,610,554
Accounts Receivable, Less Allowance for Doubtful Accounts of \$67,200 and \$66,150 as of December 31, 2015 and 2014, Respectively	2,919,103	1,489,754
Prepaid Expenses	103,650	57,308
Current Maturities of Note Receivable – Related Organization	10,918	9,702
Total Current Assets	3,057,570	3,167,318
 PROPERTY AND EQUIPMENT		
Land	476,693	476,692
Buildings and Building Improvements	6,093,569	5,523,460
Furniture and Equipment	725,366	585,257
Vehicles	114,221	114,221
Construction in Progress	535,385	282,257
Total	7,945,234	6,981,887
Less: Accumulated Depreciation	3,753,958	3,478,118
Total Property and Equipment (At Depreciated Cost)	4,191,276	3,503,769
 OTHER ASSETS		
Restricted Deposits	29,488	36,532
Due from Related Organizations	760,988	639,641
Loan Closing Costs (Net of Accumulated Amortization)	66,095	70,247
Note Receivable – Related Organization	14,155	25,940
Rental Deposits	20,627	20,345
Unemployment Trust Deposits	410,225	518,990
Total Other Assets	1,301,578	1,311,695
Total Assets	\$ 8,550,424	\$ 7,982,781

See accompanying Notes to Financial Statements.

LIABILITIES AND NET ASSETS

	December 31,	
	2015	2014
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 91,796	\$ 73,674
Line of Credit	334,582	-
Checks in Excess of Deposits	146,926	-
Accounts Payable	169,555	140,919
Accrued Expenses:		
Payroll	334,527	569,338
Payroll Taxes and Withholding	57,460	66,039
Interest	5,845	4,391
Vacation Pay	416,569	297,771
Accrued Retirement	16,779	-
Other Accrued Expenses	111,719	66,661
Damage Deposits	9,669	8,895
Total Current Liabilities	1,695,427	1,227,688
UNEMPLOYMENT TRUST RESERVE	415,438	518,990
LONG-TERM DEBT (Net of Current Portion Shown Above)		
Mortgages and Notes Payable	1,907,126	1,673,242
Deferred Loans (Restated)	2,257,147	2,257,147
Total Long-Term Debt	4,164,273	3,930,389
 Total Liabilities	 6,275,138	 5,677,067
NET ASSETS		
Unrestricted	1,950,302	2,110,359
Temporarily Restricted	324,984	195,355
Total Net Assets	2,275,286	2,305,714
 Total Liabilities and Net Assets	 \$ 8,550,424	 \$ 7,982,781

**COMMUNITY INVOLVEMENT PROGRAMS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015		
	Unrestricted	Temporarily Restricted	Total
OPERATING SUPPORT AND REVENUE			
Program Revenue	\$ 38,595,584	\$ -	\$ 38,595,584
Work Component Income	-	-	-
Grants and Donations	-	157,621	157,621
Fundraising Revenue (Net of Expense)	2,999	24,612	27,611
Management Fee Income	174,128	-	174,128
Interest Income	1,807	-	1,807
Other Income	27,410	-	27,410
Total Support and Revenue	<u>38,801,928</u>	<u>182,233</u>	<u>38,984,161</u>
 Net Assets Released from Restrictions	 <u>52,604</u>	 <u>(52,604)</u>	 <u>-</u>
 Net Support and Revenue	 <u>38,854,532</u>	 <u>129,629</u>	 <u>38,984,161</u>
 EXPENSES			
Program Services	36,875,352	-	36,875,352
Support Services:			
Management and General	2,146,300	-	2,146,300
Fund Raising	74,596	-	74,596
Total Support Services	<u>39,096,249</u>	<u>-</u>	<u>39,096,248</u>
 CHANGE IN NET ASSETS FROM OPERATIONS	 <u>(241,717)</u>	 <u>129,629</u>	 <u>(112,087)</u>
 OTHER INCOME (EXPENSE)			
Realized Gain on Disposal of Property and Equipment	81,996	-	81,996
Unrealized Loss on Unemployment Trust Deposits	(336)	-	(336)
Total Other Income	<u>81,660</u>	<u>-</u>	<u>81,660</u>
 CHANGES IN NET ASSETS	 <u>\$ (160,057)</u>	 <u>\$ 129,629</u>	 <u>\$ (30,427)</u>

See accompanying Notes to Financial Statements.

**COMMUNITY INVOLVEMENT PROGRAMS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014		
	Unrestricted	Temporarily Restricted	Total
OPERATING SUPPORT AND REVENUE			
Program Revenue	\$ 34,588,247	\$ -	\$ 34,588,247
Work Component Income	1,088	-	1,088
Grants and Donations	-	83,386	83,386
Fundraising Revenue (Net of Expense)	-	38,339	38,339
Management Fee Income	158,471	-	158,471
Interest Income	599	-	599
Other Income	17,804	-	17,804
Total Support and Revenue	<u>34,766,209</u>	<u>121,725</u>	<u>34,887,934</u>
Net Assets Released from Restrictions	99,637	(99,637)	-
Net Support and Revenue	<u>34,865,846</u>	<u>22,088</u>	<u>34,887,934</u>
EXPENSES			
Program Services	32,506,715	-	32,506,715
Support Services:			
Management and General	1,820,152	-	1,820,152
Fund Raising	50,833	-	50,833
Total Support Services	<u>34,377,700</u>	<u>-</u>	<u>34,377,700</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>488,146</u>	<u>22,088</u>	<u>510,234</u>
OTHER INCOME (EXPENSE)			
Realized Gain on Disposal of Property and Equipment	3,659	-	3,659
Unrealized Gain on Unemployment Trust Deposits	32,288	-	32,288
Total Other Income	<u>35,947</u>	<u>-</u>	<u>35,947</u>
CHANGES IN NET ASSETS	<u>\$ 524,093</u>	<u>\$ 22,088</u>	<u>\$ 546,180</u>

See accompanying Notes to Financial Statements.

**COMMUNITY INVOLVEMENT PROGRAMS
STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Balance – December 31, 2013 (Restated)	\$ 1,586,266	\$ 173,267	\$ 1,759,533
Changes in Net Assets	<u>524,093</u>	<u>22,088</u>	<u>546,180</u>
Balance – December 31, 2014	2,110,359	195,355	2,305,713
Changes in Net Assets	<u>(160,057)</u>	<u>129,629</u>	<u>(30,428)</u>
Balance – December 31, 2015	<u><u>\$ 1,950,302</u></u>	<u><u>\$ 324,984</u></u>	<u><u>\$ 2,275,285</u></u>

See accompanying Notes to Financial Statements.

**COMMUNITY INVOLVEMENT PROGRAMS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	Year Ended December 31,	
	2015	2014
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Changes in Net Assets	\$ (30,427)	\$ 546,180
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	275,837	251,802
Amortization	4,152	4,498
Provision for Loss on Accounts Receivable	169,851	169,581
Gain on Disposal of Property and Equipment	(81,996)	(3,659)
Decrease (Increase) in Operating Assets:		
Accounts Receivable	(1,599,200)	(336,937)
Due from Related Organizations	(121,347)	82,653
Prepaid Expenses and Deposits	(46,624)	45,318
Restricted Deposits	7,044	(2,936)
Unemployment Trust Deposits	108,765	(135,196)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Deposits	29,410	171,258
Accrued Payroll, Interest, Vacation Pay, Payroll Taxes and Other Accrued Expenses	(78,083)	313,877
Unemployment Trust Reserve	(103,551)	135,196
Accrued Retirement	16,779	(93,187)
Net Cash Provided by (Used for) Operating Activities	(1,449,390)	1,148,448
CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES		
Purchases of Property and Equipment	(415,645)	(110,277)
Purchases of Construction in Progress	(547,698)	(247,600)
Proceeds from Disposal of Property and Equipment	81,996	3,654
Payments Received on Note Receivable	10,569	530
Net Cash Used for Investing Activities	(870,778)	(353,693)
CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES		
Increase in Checks in Excess of Deposits	146,926	-
Payments on Long-Term Debt	(89,370)	(75,775)
Proceeds from Long-Term Debt	341,375	-
Net Borrowing (Repayment) on Line of Credit	334,582	(100,000)
Net Cash Provided by (Used for) Financing Activities	733,513	(175,775)
NET INCREASE (DECREASE) IN CASH	(1,586,656)	618,979
CASH – Beginning (As Restated – Note 2)	1,610,554	991,575
CASH – Ending	\$ 23,899	\$ 1,610,554
SUPPLEMENTAL INFORMATION:		
Cash Paid During the Period for Interest	\$ 62,200	\$ 67,500

See accompanying Notes to Financial Statements.

**COMMUNITY INVOLVEMENT PROGRAMS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 SUMMARY OF ORGANIZATION AND OPERATIONS

Organization

Community Involvement Programs (Organization) is a Minnesota nonprofit organization providing assistance to adults with developmental disabilities and mental illness by providing residential and vocational services, with the primary focus on community integration. The organization is located in Minneapolis, Minnesota.

Day Programs, SLS and Other Services

Community Involvement Programs provides a variety of Home and Community Based Services (HCBS) as an enrolled Medical Assistance provider with the Minnesota Department of Human Services. The majority of services are provided under contract with Hennepin, Ramsey, Dakota, Pine and Anoka counties. Services include Day Training and Habilitation (DTH), Supported Employment, Independent Living Skills (ILS), Supported Living Services (SLS), Semi-Independent Living Services (SILS), personal support, and Consumer Directed Community Support (CDCS). In addition to the HCBS waiver services, the Organization provides Home Health Services under a license from the Department of Health. Non-medical assistance services include shared housing and community support.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Standards of Accounting and Financial Reporting

The Organization follows the accounting guidance in the audit and accounting guide, Health Care Organizations, which is in conformity with the recommendations of the American Institute of Certified Public Accountants.

Financial Statement Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and are presented in accordance with the *FASB Accounting Standards Codification (ASC) 958, "Not-for-Profit Entities"*. ASC 958 requires the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Assets accumulated and resources received and expended by the Organization are either unrestricted as to use or purpose or restricted by the donor for a particular purpose. Permanently restricted net assets account for donations restricted for specific purposes whereby the restriction does not expire. Temporarily restricted net assets represent contributions to the Organization whose use is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled by expending the funds for their restricted purpose. The designation of net assets for specific purposes by the Organization itself does not constitute a basis for reclassifying them as temporarily restricted.

The nature of the temporarily restricted net assets are grants and contributions that have been recorded as revenue but not yet expensed per the Organization's stipulations and donations. Net assets released from restrictions entail monies spent in the current year that were recorded as donations in the current year as well as previous years.

**COMMUNITY INVOLVEMENT PROGRAMS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Financial Statement Presentation – Continued

The Organization has chosen to report contributions that are received with donor-imposed restrictions that are met in the same reporting period as temporarily restricted contributions with an accompanying reclassification showing the satisfaction of the restriction.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits in banks and money market instruments. The Organization also considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. The Organization had no cash equivalents as of December 31, 2015 and 2014.

Cash Deposits

The Organization, at times, maintains cash deposits with financial institutions in excess of FDIC insurance coverage which was \$250,000 as of December 31, 2015 and 2014.

Accounts Receivable

Billings for services are recognized as income as the services are performed. Billings to governmental agencies for subsidized services, constituting a significant portion of the Organization's revenue, are based upon contract billing rates which may be subsequently changed by the government authorities. Changes in regulations or governmental funding could result in the reduction of services. Any such adjustments to the contract rates are recognized as a reduction of income when their effect becomes reasonably determinable.

Bad debts are provided on the allowance method based on historical experience and management's evaluation of outstanding accounts receivable. The accounts receivable are stated net of allowance for doubtful accounts. The allowance for doubtful accounts was \$67,200 and \$66,150 at December 31, 2015 and 2014, respectively.

Property and Equipment

Property and equipment are recorded at cost or, in the instance of contributed property, at market value as of the date contributed. Depreciation is provided by the straight-line method over the asset's estimated useful life or, in the case of leasehold improvements, over the length of the lease as follows:

Buildings and Improvements	1 to 35 Years
Furniture and Equipment	3 to 7 Years
Vehicles	4 to 5 Years

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period. Renewals and betterments with a cost greater than \$1,000 that materially extend the life of an asset are capitalized. Minor equipment costs and repairs, less than \$1,000 are charged to expense as incurred.

COMMUNITY INVOLVEMENT PROGRAMS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including property, equipment and certain identifiable intangibles, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recovered. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. The Organization has determined that no impairment existed at December 31, 2015 and 2014.

Donations of Long-Lived Assets

It is the Organization's policy to imply a time restriction on donations of long-lived assets (or donation of grants of cash or other assets restricted for acquisition of long-lived assets) such that the donations and grants are reported as restricted support, with the related restrictions expiring over the useful lives of the donated assets.

Restricted Deposits

Restricted Deposits are cash deposits with financial institutions that the Organization is holding in trust for the individuals they serve. As of December 31, 2015 and 2014, the Organization was holding \$5,968 and \$13,011, respectively, of funds in trust.

Restricted Deposits also include cash deposits with financial institutions that the Organization is required to set aside for the replacement of property and other project expenditures approved by HUD. As of December 31, 2015 and 2014, the Organization held \$23,520 of HUD restricted deposits.

Revenue Recognition

Revenues are recognized when earned. Revenue is generated by providing supported living arrangements and waived services for disabled and physically handicapped adults.

Contributions received and unconditional promises to give are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor or an agreement with a third party. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions solicited by campaign drives and fund raisings are restricted if the advertised use of the contribution was for a specific restricted purpose.

Pledges for contributions are recorded when promised. There were no pledges receivable as of December 31, 2015 and 2014.

As of December 31, 2015 and 2014, the Organization had not received any permanently restricted contributions.

COMMUNITY INVOLVEMENT PROGRAMS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

Revenue Recognition – Continued

For the years ended December 31, 2015 and 2014, the Organization received temporarily restricted contributions of \$182,233 and \$121,725, respectively. For the year ended December 31, 2015, the Organization received unrestricted grants and contributions of \$2,999.

Donated Material and Services

Donated materials are reflected as contributions in the financial statements at their estimated value at the date of receipt. Contributed services are reported as contributions if the services would typically need to be purchased by the Organization and the service provided requires specialized skills. Contributed services are reflected in the financial statements at the fair market value of the services performed at the date of the service.

Administrative Costs

The administrative costs have been allocated among the programs benefited and are included in the total program costs as reported on the Schedule of Changes in Net Assets by Program.

Income Tax Status

The Organization was incorporated under the laws of Minnesota as a nonprofit corporation and is exempt from federal income tax under Internal Revenue Code 501(c)(3). Accordingly, no provision for income taxes has been made on the financial statements. The Organization is classified as a publicly supported charitable organization under Section 509(a)(1) of the Code and contributions to the organization qualify as a charitable tax deduction by the contributor.

The Organization has adopted accounting guidance related to uncertainty in income taxes. This guidance clarifies the recognition threshold and measurement requirements for income tax position taken or expected to be taken on income tax returns. This includes positions that the entity is exempt from income taxes or not subject to income taxes on unrelated business income. Under the standards, the Organization recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities. The Organization has identified no income tax uncertainties.

The Organization is open to examination for the tax years 2012 through 2015.

Use of Estimates

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

Significant items subject to such estimates and assumptions include: the useful lives of property and equipment and the allowance for doubtful accounts.

**COMMUNITY INVOLVEMENT PROGRAMS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program are allocated directly according to their natural expenditure classification. General and management expenses that are common to several functions are allocated based on the proportion of each program's direct and personnel expenses to total program direct and personnel expenses.

Functional expense totals for the years ended December 31, 2015 and 2014 are as follows:

	2015		2014	
	Amount	%	Amount	%
Program	\$ 36,848,335	94.3	\$ 32,506,716	94.6
Management and General	2,146,300	5.5	1,820,152	5.3
Fundraising	74,595	0.2	50,833	0.1
Total	\$ 39,069,230		\$ 34,377,701	

Reclassifications

Certain reclassifications have been made on the 2014 financial statements to conform to the 2015 presentation. The reclassifications have no effect on the changes in net assets or net assets as previously reported. In preparing these financial statements, in prior years the Organization classified the Restricted Deposit accounts as cash. The Restricted Deposit accounts have restrictions as to its use. The Organization has restated its 2014 beginning cash on the Statements of Cash Flow to exclude \$33,596 of restricted cash.

NOTE 3 LOAN CLOSING COSTS

Loan closing costs are the capitalized cost of obtaining long-term financing. The loan closing costs are amortized on a straight-line basis over the term of the respective loan. Loan fees charged to amortization expenses were \$4,152 and \$4,498 for the each of the years ended December 31, 2015 and 2014, respectively.

Future amortization expenses for loan closing costs are as follows:

Year Ending December 31,	Amount
2016	\$ 4,498
2017	4,498
2018	4,498
2019	4,498
2020	4,498
Thereafter	43,605
Total	\$ 66,095

**COMMUNITY INVOLVEMENT PROGRAMS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 4 LINES OF CREDIT

The Organization has a line of credit agreement for \$1,600,000 with Sunrise Community Bank, which includes interest at prime (effective rate of 3.5% at December 31, 2015), is due on demand and secured by accounts receivable and other property. The line of credit expires on April 13, 2017. There were no borrowings outstanding under this agreement as of December 31, 2015 and 2014.

The Organization has a second line of credit agreement for \$350,000 with Sunrise Community Bank, which includes interest at prime (effective rate of 3.5% at December 31, 2015), is due on demand and secured by accounts receivable and other property. The line of credit expires on April 13, 2017. Borrowings outstanding under this agreement were \$334,582 as of December 31, 2015.

NOTE 5 MORTGAGES AND NOTES PAYABLE

Mortgages and Notes Payable outstanding at December 31, 2015 is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>	<u>Total</u>
Sunrise Community Bank – Tax Exempt Bonds, monthly principal and interest payments of \$9,503, through July 2033, secured by Property and Equipment.	3.90%	\$ 73,418	\$ 1,340,438	\$ 1,413,856
Wells Fargo Home Mortgage, monthly principal and interest payments of \$672 through February 2034, secured by land and building.	6.63%	2,515	82,298	84,813
Northview Bank, monthly principal and interest payments of \$262 through October 2018, secured by land.	7.00%	1,822	17,960	19,782
Wells Fargo Home Mortgage, monthly principal and interest payments of \$8,110 through February 2034, secured by a vehicle.	3.90%	8,370	131,648	140,018

**COMMUNITY INVOLVEMENT PROGRAMS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 5 MORTGAGES AND NOTES PAYABLE – Continued

<u>Description</u>	<u>Interest Rate</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>	<u>Total</u>
Venture Bank, monthly principal and interest payments of \$1,007 through October 2045, secured by land and building.	4.38%	3,351	197,835	201,186
Venture Bank, monthly principal and interest payments of \$697 through October 2045, secured by land and building.	4.38%	2,320	136,947	139,267
Total		<u>\$ 91,796</u>	<u>\$ 1,907,126</u>	<u>\$ 1,998,922</u>

Future minimum principal payments on long-term debt are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2016	\$ 91,796
2017	94,899
2018	111,907
2019	98,946
2020	102,021
Thereafter	1,499,353
Total	<u>\$ 1,998,922</u>

**COMMUNITY INVOLVEMENT PROGRAMS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 6 DEFERRED LOANS

Deferred loans consist of non-interest bearing mortgages to various housing agencies which require no payments. These mortgages will be forgiven if all loan requirements are met by the Organization. Deferred loans outstanding at December 31, 2015 and 2014 are as follows:

<u>Description</u>	<u>2015</u>	<u>2014</u>
Non-interest bearing mortgage payable to Hennepin County under the HOME Investment Partnership Program, no payment due until maturity, December 2038, secured by real estate in the Shared Housing Program.	\$ 306,745	\$ 306,745
Non-interest bearing mortgage payable to Hennepin County under the HOME Investment Partnership Program, no payment due until maturity, December 2038, secured by real estate in the Shared Housing Program.	391,422	391,422
Non-interest bearing mortgage payable to Hennepin County under the HOME Investment Partnership Program, no payment due until maturity, December 2027, secured by real estate in the Shared Housing Program.	227,135	227,135
Non-interest bearing mortgage payable to Hennepin County under the HOME Investment Partnership Program, no payment due until maturity, December 2030, secured by real estate in the Shared Housing Program.	230,000	230,000
Non-interest bearing mortgage payable to Hennepin County Housing and Redevelopment Authority under the Affordable Housing Incentive Fund, no payment due until maturity, June 2032, secured by real estate in the Shared Housing Program.	155,225	155,225
Non-interest bearing mortgage payable to Hennepin County Housing and Redevelopment Authority under the Affordable Housing Incentive Fund, no payment due until maturity, June 2032, secured by real estate in the Shared Housing Program.	16,775	16,775
Non-interest bearing mortgage payable to Hennepin County under the 2001 HOME Program, no payment due until maturity, June 2032, secured by real estate in the Shared Housing Program.	83,300	83,300
Non-interest bearing mortgage payable to Hennepin County Housing and Redevelopment Authority under the Affordable Housing Incentive Fund, no payment due until maturity, November 2031, secured by real estate in the Shared Housing Program.	25,000	25,000
Non-interest bearing mortgage payable to Minnesota Housing Finance Agency, no payment due until maturity, April 2033, secured by real estate in the Shared Housing Program.	96,800	96,800

COMMUNITY INVOLVEMENT PROGRAMS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 6 DEFERRED LOANS – Continued

<u>Description</u>	<u>2015</u>	<u>2014</u>
Non-interest bearing mortgage payable to Minnesota Housing Finance Agency, no payment due until maturity, April 2033, secured by real estate in the Shared Housing Program.	72,000	72,000
Non-interest bearing mortgage payable to Hennepin County under the HOME Investment Partnership Program, no payment due until maturity, February 2033, secured by real estate in the Shared Housing Program.	251,826	251,826
Non-interest bearing mortgage payable to Hennepin County Housing and Redevelopment Authority under the Affordable Housing Incentive Fund, no payment due until maturity, December 2040, secured by real estate in the Shared Housing Program.	177,000	177,000
Non-interest bearing mortgage payable to Hennepin County Housing and Redevelopment Authority under the Affordable Housing Incentive Fund, no payment due until maturity, July 2041, secured by real estate in the Shared Housing Program.	105,050	105,050
Non-interest bearing mortgage payable to Hennepin County under the HOME Investment Partnership Program, no payment due until maturity, August 2042, secured by real estate in the Shared Housing Program.	118,869	118,869
Total Deferred Loans	<u>\$ 2,257,147</u>	<u>\$ 2,257,147</u>

NOTE 7 RELATED ORGANIZATIONS

The Organization and the following nonprofit corporations are considered related parties due to having certain members of their respective board of directors in common. The Organization also provides office space, working capital, and management support to the corporations as needed. The nonprofit corporations operate housing programs under programs administered by the Department of Housing and Urban Development.

- Kelly Apartments, Inc.
- Clear Spring Road Residences
- North Court Apartments
- Home Share

The nonprofit corporations paid \$174,128 and \$158,471 of management and maintenance fees to the Organization during the years ended December 31, 2015 and 2014, respectively. The nonprofit corporations owed the Organization for these services and start-up costs totaling \$786,061 and \$675,283 at December 31, 2015 and 2014, respectively.

**COMMUNITY INVOLVEMENT PROGRAMS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 8 LEASE COMMITMENTS

Community Involvement Programs leases its administrative office under a noncancelable lease which expires in January, 2019. The Organization leases facilities for the Day Training and Habilitation Centers under noncancelable leases that provide for annual cost adjustments based on a calculated percentage of the increase in the lessor's operating costs or a percentage increase based on per diem increases by Hennepin County. In addition to rent, the Organization pays utilities, repairs and insurance on the leased properties. These leases expire at various times through 2020.

The Organization also leases various vehicles and equipment under noncancelable operating leases which expire at various times through 2019.

Total rent expense under all leases was \$1,022,150 and \$1,032,867 for the years ended December 31, 2015 and 2014, respectively.

Minimum future rental payments required under the above mentioned leases are as follows:

Year Ending December 31,	Building Leases	Vehicles and Equipment	Total
2016	\$ 433,234	\$ 245,922	\$ 679,156
2017	445,274	144,222	589,496
2018	443,020	85,942	528,962
2019	153,763	30,609	184,372
2020	17,646	-	17,646
Total	<u>\$ 1,492,937</u>	<u>\$ 506,695</u>	<u>\$ 1,999,632</u>

NOTE 9 RETIREMENT PLAN

The Organization has established a retirement plan under Section 403(b) of the Internal Revenue Code for its employees who meet certain age and service requirements. Employees can make elective deferrals to the plan. Employer contributions to the plan are at the discretion of the Board of Directors. The profit sharing expense for the years ended December 31, 2015 and 2014 was \$109,674 and \$40,589, respectively.

NOTE 10 CONCENTRATIONS OF RISK

The financial instruments which subject the Organization to a concentration of credit risk are cash and accounts receivable. At times, cash balances on account may be in excess of the Federal Deposit Insurance Corporation coverage limit. The Organization maintains its accounts with high quality financial institutions. The Organization grants credit without collateral to its clients, who are mostly residents insured under third-party payer agreements or reimbursed by governmental funding. Management believes its risk is limited.

**COMMUNITY INVOLVEMENT PROGRAMS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 11 COMMITMENTS AND CONTINGENCIES

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for resident services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for resident services previously billed.

NOTE 12 PRIOR PERIOD ADJUSTMENT

In preparing these financial statements, the Organization identified an error in prior years due to failing to recognize proceeds received under a Deferred Loan Agreement. The Organization has restated its 2014 beginning Unrestricted Net Assets to properly record this item. The error has no impact on changes to net assets reported in fiscal years 2014 and 2015.

The effect of the adjustment on the amounts previously reported in the 2014 financial statements is as follows:

	As Previously Reported	Adjustment Increase (Decrease)	As Restated
Deferred Loans	\$ 2,080,147	\$ 177,000	\$ 2,257,147
2014 Unrestricted Net Assets – (Beginning)	1,763,266	(177,000)	1,586,266

NOTE 13 SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated for recognition or disclosure the events or transactions that occurred through May 17, 2016, the date the financial statements were available to be issued.

On May 18, 2016, the Organization received \$200,000 of deferred loans from Hennepin County Housing and Development Authority under the Affordable Housing Incentive Fund Program with a maturity date of June 6, 2044. The Organization also received \$315,000 of deferred loans from Minnesota Housing Finance Agency under the Preservation Affordable Rental Investment Fund Program with a maturity date of May 18, 2046. These deferred loans consist of non-interest bearing mortgages which require no payments during the term of the mortgage. These mortgages will be forgiven if all loan requirements are met by the Organization.

SUPPLEMENTARY INFORMATION

COMMUNITY INVOLVEMENT PROGRAMS
SCHEDULE OF CHANGES IN NET ASSETS BY PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015		
	Employment and Community Supports	Mental Health	Metro DD Residential
SUPPORT AND REVENUE			
Program Revenue	\$ 2,550,108	\$ 2,931,520	\$ 2,625,404
Work Component Income	-	-	-
Grants and Donations	45,728	50,700	-
Fundraising Revenue (Net of Expense)	1,115	1,030	655
Management Fee Income	-	-	-
Interest Income	-	252	-
Other Income	1,500	7,482	17,022
Total Support and Revenue	<u>2,598,451</u>	<u>2,990,984</u>	<u>2,643,081</u>
OPERATING EXPENSES			
Salaries	1,381,326	1,732,011	1,691,431
Payroll Taxes	170,874	155,972	153,212
Employee Benefits	239,489	325,884	325,674
Total Personnel	<u>1,791,689</u>	<u>2,213,867</u>	<u>2,170,317</u>
Supplies	34,730	74,451	132,164
Occupancy	267,590	211,565	132,192
Maintanance Allocation	23,904	71,898	68,900
Equipment	15,065	12,705	14,491
Contract Services	136,168	24,365	34,453
Transportation	433,945	76,694	111,866
Staff Development	25,571	4,815	18,853
Bad Debt Expense	19,404	13,789	17,879
Other Expense	16,114	17,697	40,240
Depreciation Expense	22,235	35,327	55,167
Total Expense Before Administrative Allocations	<u>2,786,415</u>	<u>2,757,173</u>	<u>2,796,522</u>
Administrative Expense Allocation	287,353	318,584	312,307
Total Operating Expenses	<u>3,073,768</u>	<u>3,075,757</u>	<u>3,108,829</u>
Changes in Net Assets from Operations	(475,317)	(84,773)	(465,748)
Realized Gain on Sale/Disposal of Property and Equipment	63,658	-	6,717
Unrealized Gain (Loss) on Unemployment Trust Deposits	71	-	-
Changes in Net Assets	<u>\$ (411,588)</u>	<u>\$ (84,773)</u>	<u>\$ (459,031)</u>

See accompanying Independent Auditor's Report.

**COMMUNITY INVOLVEMENT PROGRAMS
SCHEDULE OF CHANGES IN NET ASSETS BY PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015		
	Case Management	Northern Programs	Family Services
SUPPORT AND REVENUE			
Program Revenue	\$ 2,287,130	\$ 1,718,806	\$ 24,426,966
Work Component Income	-	-	-
Grants and Donations	-	-	-
Fundraising Revenue (Net of Expense)	1,430	700	-
Management Fee Income	-	-	-
Interest Income	-	27	251
Other Income	561	462	125
Total Support and Revenue	<u>2,289,121</u>	<u>1,719,995</u>	<u>24,427,342</u>
OPERATING EXPENSES			
Salaries	1,207,510	1,029,672	18,016,781
Payroll Taxes	108,247	91,028	1,714,477
Employee Benefits	230,807	198,481	219,464
Total Personnel	<u>1,546,564</u>	<u>1,319,181</u>	<u>19,950,722</u>
Supplies	19,663	81,711	230,300
Occupancy	131,352	117,511	214,756
Maintanance Allocation	6,097	-	3,793
Equipment	13,148	7,702	42,482
Contract Services	5,279	1,396	1,934,309
Transportation	22,823	89,305	214,308
Staff Development	15,166	3,766	148,113
Bad Debt Expense	11,464	11,463	95,797
Other Expense	6,492	10,073	49,182
Depreciation Expense	7,301	24,570	6,573
Total Expense Before Administrative Allocations	<u>1,785,349</u>	<u>1,666,678</u>	<u>22,890,335</u>
Administrative Expense Allocation	187,086	196,539	707,122
Total Operating Expenses	<u>1,972,435</u>	<u>1,863,217</u>	<u>23,597,457</u>
Changes in Net Assets from Operations	316,686	(143,222)	829,885
Realized Gain on Sale/Disposal of Property and Equipment	-	9,358	-
Unrealized Gain (Loss) on Unemployment Trust Deposits	-	-	-
Changes in Net Assets	<u>\$ 316,686</u>	<u>\$ (133,864)</u>	<u>\$ 829,885</u>

See accompanying Independent Auditor's Report.

**COMMUNITY INVOLVEMENT PROGRAMS
SCHEDULE OF CHANGES IN NET ASSETS BY PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015		
	Housing	FEA	Total Program Services
SUPPORT AND REVENUE			
Program Revenue	\$ 286,613	\$ 1,769,037	\$ 38,595,584
Work Component Income	-	-	-
Grants and Donations	45,870	-	142,298
Fundraising Revenue (Net of Expense)	-	-	4,930
Management Fee Income	128,800	-	128,800
Interest Income	-	-	530
Other Income	418	-	27,570
Total Support and Revenue	<u>461,701</u>	<u>1,769,037</u>	<u>38,899,712</u>
OPERATING EXPENSES			
Salaries	221,858	1,395,442	26,676,031
Payroll Taxes	19,722	12,124	2,425,656
Employee Benefits	42,609	276	1,582,684
Total Personnel	<u>284,189</u>	<u>1,407,842</u>	<u>30,684,371</u>
Supplies	31,086	22,105	626,210
Occupancy	139,367	34,328	1,248,661
Maintenance Allocation	(191,747)	-	(17,155)
Equipment	11,078	1,846	118,517
Contract Services	16,490	204,507	2,356,967
Transportation	58,143	13,887	1,020,971
Staff Development	2,216	2,442	220,942
Bad Debt Expense	-	-	169,796
Other Expense	9,841	41,029	190,668
Depreciation Expense	104,231	-	255,404
Total Expense Before Administrative Allocations	<u>464,894</u>	<u>1,727,986</u>	<u>36,875,352</u>
Administrative Expense Allocation	38,046	42,530	2,089,567
Total Operating Expenses	<u>502,940</u>	<u>1,770,516</u>	<u>38,964,919</u>
Changes in Net Assets from Operations	(41,239)	(1,479)	(65,207)
Realized Gain on Sale/Disposal of Property and Equipment	-	-	79,733
Unrealized Gain (Loss) on Unemployment Trust Deposits	-	-	71
Changes in Net Assets	<u>\$ (41,239)</u>	<u>\$ (1,479)</u>	<u>\$ 14,597</u>

See accompanying Independent Auditor's Report.

**COMMUNITY INVOLVEMENT PROGRAMS
SCHEDULE OF CHANGES IN NET ASSETS BY PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015		
	Administrative	Fund Raising	2015 Total
SUPPORT AND REVENUE			
Program Revenue	\$ -	\$ -	\$ 38,595,584
Work Component Income	-	-	-
Grants and Donations	15	15,308	157,621
Fundraising Revenue (Net of Expense)	-	22,681	27,611
Management Fee Income	45,328	-	174,128
Interest Income	1,277	-	1,807
Other Income	(160)	-	27,410
Total Support and Revenue	<u>46,460</u>	<u>37,989</u>	<u>38,984,161</u>
OPERATING EXPENSES			
Salaries	1,002,960	37,985	27,716,976
Payroll Taxes	76,821	3,590	2,506,067
Employee Benefits	260,306	7,456	1,850,446
Total Personnel	<u>1,340,087</u>	<u>49,031</u>	<u>32,073,489</u>
Supplies	64,685	2,805	693,700
Occupancy	269,414	3,364	1,521,439
Maintenance Allocation	15,858	1,297	-
Equipment	27,407	1,735	147,659
Contract Services	300,244	1,756	2,658,967
Transportation	(43,956)	293	977,308
Staff Development	77,519	14,053	312,514
Bad Debt Expense (Recovery)	55	-	169,851
Other Expense	74,554	262	265,484
Depreciation Expense	20,433	-	275,837
Total Expense Before Administrative Allocations	<u>2,146,300</u>	<u>74,596</u>	<u>39,096,248</u>
Administrative Expense Allocation	<u>(2,097,984)</u>	<u>8,417</u>	<u>-</u>
Total Operating Expenses	<u>48,316</u>	<u>83,013</u>	<u>39,096,248</u>
Changes in Net Assets from Operations	(1,856)	(45,024)	(112,087)
Realized Gain on Sale/Disposal of Property and Equipment	2,263	-	81,996
Unrealized Gain (Loss) on Unemployment Trust Deposits	(407)	-	(336)
Changes in Net Assets	<u>\$ -</u>	<u>\$ (45,024)</u>	<u>\$ (30,427)</u>

See accompanying Independent Auditor's Report.

**COMMUNITY INVOLVEMENT PROGRAMS
SCHEDULE OF CHANGES IN NET ASSETS BY PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014 Total
SUPPORT AND REVENUE	
Program Revenue	\$ 34,588,247
Work Component Income	1,088
Grants and Donations	83,386
Fundraising Revenue (Net of Expense)	38,339
Management Fee Income	158,471
Interest Income	599
Other Income	17,804
Total Support and Revenue	34,887,934
 OPERATING EXPENSES	
Salaries	24,002,062
Payroll Taxes	2,386,915
Employee Benefits	1,539,138
Total Personnel	27,928,115
Supplies	635,694
Occupancy	1,535,081
Maintenance Allocation	-
Equipment	131,747
Contract Services	2,313,986
Transportation	901,628
Staff Development	283,920
Bad Debt Expense	169,581
Other Expense	226,146
Depreciation Expense	251,802
Total Expense Before Administrative	34,377,700
Administrative Expense Allocation	-
Total Operating Expenses	34,377,700
 Changes in Net Assets from Operations	510,235
Realized Gain on Sale/Disposal of Property and Equipment	3,659
Unrealized Gain on Unemployment Trust Deposits	32,288
Changes in Net Assets	\$ 546,181

See accompanying Independent Auditor's Report.

REPORTS REQUIRED BY OMB CIRCULAR A-133



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

Board of Directors
COMMUNITY INVOLVEMENT PROGRAMS
1600 Broadway Street NE
Minneapolis, MN 55413-2617

Members of the Board:

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 financial statements of the Community Involvement Programs as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise Community Involvement Programs basic financial statements, and have issued our report thereon dated September 26, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Involvement Program's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Community Involvement Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Community Involvement Program's control.

A deficiency in internal control exists when the design or operations 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 Community Involvement Program'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.

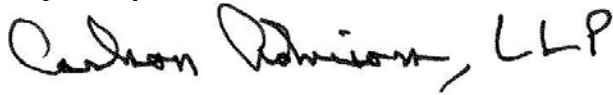
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Involvement Program's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a 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 Community Involvement Program's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Involvement Program's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads "Carlson Advisors, LLP". The signature is written in a cursive, flowing style.

CARLSON ADVISORS, LLP
Minneapolis, Minnesota

September 26, 2016



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

Board of Directors
COMMUNITY INVOLVEMENT PROGRAMS
1600 Broadway Street NE
Minneapolis, MN 55413-2617

Members of the Board:

Report on Compliance for Each Major Federal Program

We have audited Community Involvement Program's 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 Community Involvement Program's major federal programs for the year ended December 31, 2015. Community Involvement Program'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 Community Involvement Program'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* (OMB Circular A-133). Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance requirements referred to above that could have a material effect on the major federal programs occurred. An audit includes examining, on a test basis, evidence about Community Involvement Program'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 with each major program. However, our audit does not provide a legal determination of Community Involvement Program's compliance.

Opinion of Each Major Federal Program

In our opinion, Community Involvement Programs complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified above for the year ended December 31, 2015.

Other Matters

The results of our auditing procedures did not disclose any material instances of noncompliance which are to be reported in accordance with the OMB Circular A-133. Our opinion is not modified with respect to these matters.

Report on Internal Control Over Compliance

Management of Community Involvement Programs 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 Community Involvement Program's internal control over compliance with the types of requirements that could have a direct and material effect on each major program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Community Involvement Program's internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance with a type of compliance requirements 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or 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 the attention by those charged with governance.

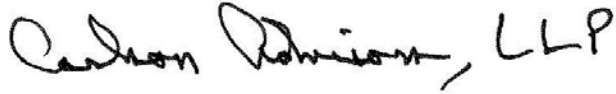
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133.

We have audited the financial statements of Community Involvement Programs as of and for the year ended December 31, 2015, and have issued our report there on dated September 26, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

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 our testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads "Carlson Advisors, LLP". The signature is written in a cursive, flowing style.

CARLSON ADVISORS, LLP
Minneapolis, Minnesota

September 26, 2016

**COMMUNITY INVOLVEMENT PROGRAMS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development		
HOME Program and Related Programs	14.239	\$ <u>2,257,147</u>
Total		\$ <u>2,257,147</u>

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Community Involvement Programs, 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 amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying Independent Auditor's Report.

**COMMUNITY INVOLVEMENT PROGRAMS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Internal control over financial reporting: Unmodified

- Material weakness(es) identified? _____yes x none reported
- Significant Deficiency(s) identified that are not considered to be material weaknesses? _____yes x none reported

Noncompliance material to financial statements noted _____yes x none reported

Federal Awards

Type of auditor's report issued on compliance for major federal programs: Unmodified

- Material weakness(es) identified? _____yes x none reported
- Significant Deficiency(s) identified that are not considered to be material weaknesses? _____yes x none reported

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 _____yes x none reported

Identification of major federal programs:

CFDA No.	Names of Federal Program or Cluster
14-239	HOME Program

See accompanying Independent Auditor's Report.

**COMMUNITY INVOLVEMENT PROGRAMS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2015**

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

Auditee qualified as low-risk auditee under Section 510(a) of OMB
Circular A-133? _____yes x no

Section II – Financial Statement Findings

Current Year:

None reported.

Prior Year:

None Reported.

Section III – Federal Award Findings and Questioned Costs

Current Year:

None reported.

Prior Year:

None Reported.

Section IV – State Award Findings and Questioned Costs

Current Year:

None reported.

Prior Year:

None Reported.

See accompanying Independent Auditor's Report.