

**COMMUNITY INVOLVEMENT PROGRAMS
(A Nonprofit Organization)**

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

DECEMBER 31, 2014 AND 2013

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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:

We have audited the accompanying financial statements of Community Involvement Programs (a not-for-profit organization), which comprise the Statements of Financial Position as of December 31, 2014, and the related Statements of Activities, Changes in Net Assets, and Cash Flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Community Involvement Programs as of December 31, 2013 were audited by other auditors whose report date June 30, 2014 expressed an unqualified opinion on those financial statements.

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, 2014 and 2013 are presented for purposes of additional analysis and are not a required part of 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.

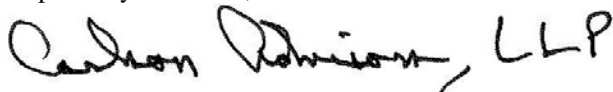
The accompanying supplemental information shown on pages 24 to 29 is presented for purposes of additional analysis as required by the Uniform Financial Reporting Standards issued by the U.S. Department of Housing and Urban Development, and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards 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.

Report Issued in Accordance with Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated June 19, 2015 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 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. This report is 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

June 19, 2015

COMMUNITY INVOLVEMENT PROGRAMS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013

ASSETS

	December 31,	
	2014	2013
CURRENT ASSETS		
Cash	\$ 1,647,086	\$ 1,025,171
Accounts Receivable, Less Allowance for Doubtful Accounts of \$66,150 and \$86,500 as of December 31, 2014 and 2013, Respectively)	1,651,755	1,484,399
Prepaid Expenses	57,308	87,905
Current Maturities of Note Receivable	9,702	10,232
Total Current Assets	3,365,851	2,607,707
 PROPERTY AND EQUIPMENT		
Land	476,692	476,692
Buildings and Building Improvements	5,523,460	5,434,560
Furniture and Equipment	585,257	566,142
Vehicles	114,221	106,272
Construction in Progress	282,257	40,344
Total	6,981,887	6,624,010
Less: Accumulated Depreciation	3,478,118	3,226,317
Total Property and Equipment (At Depreciated Cost)	3,503,769	3,397,693
 OTHER ASSETS		
Due from Related Organizations	629,940	712,593
Loan Closing Costs (Net of Accumulated Amortization)	70,247	74,745
Note Receivable	35,642	35,642
Rental Deposits	20,345	35,066
Unemployment Trust	518,990	383,794
Total Other Assets	1,275,164	1,241,840
Total Assets	\$ 8,144,784	7,247,240

See accompanying Notes to Financial Statements.

LIABILITIES AND NET ASSETS

	December 31,	
	2014	2013
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 73,674	\$ 71,750
Line of Credit	-	100,000
Accounts Payable	316,732	143,807
Accrued Expenses		
Payroll	569,338	350,804
Payroll Taxes and Withholding	66,039	101,091
Interest	4,391	4,107
Vacation Pay	297,771	184,132
Accrued Retirement	-	93,187
Other Accrued Expenses	52,852	36,383
Damage Deposits	8,895	10,562
Total Current Liabilities	1,389,692	1,095,823
UNEMPLOYMENT RESERVE	518,990	383,794
LONG-TERM DEBT (Net of Current Portion Shown Above)		
Mortgages and Notes Payable	1,673,241	1,750,942
Deferred Loans	2,080,148	2,080,148
Total Long-Term Debt	3,753,389	3,831,090
 Total Liabilities	 5,662,071	 5,310,707
NET ASSETS		
Unrestricted	2,287,358	1,763,266
Temporarily Restricted	195,355	173,267
Total Net Assets	2,482,713	1,936,533
 Total Liabilities and Net Assets	 \$ 8,144,784	 \$ 7,247,240

**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>34,887,934</u>	<u>-</u>	<u>34,887,934</u>
Net Assets Added with Restrictions	<u>(22,088)</u>	<u>22,088</u>	<u>-</u>
Net Support and Revenue	<u>34,865,846</u>	<u>22,088</u>	<u>34,887,934</u>
EXPENSES			
Program Services	32,506,716	-	32,506,716
Support Services			
Management and General	1,820,152	-	1,820,152
Fund Raising	50,833	-	50,833
Total Support Services	<u>34,377,701</u>	<u>-</u>	<u>34,377,701</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>488,145</u>	<u>22,088</u>	<u>510,233</u>
NON-OPERATING NET ASSETS			
Realized Gain on Disposal of Assets	3,659	-	3,659
Unrealized Gain on Trust Investments	32,288	-	32,288
	<u>35,947</u>	<u>-</u>	<u>35,947</u>
CHANGES IN NET ASSETS	<u>\$ 524,092</u>	<u>\$ 22,088</u>	<u>\$ 546,180</u>

See accompanying Notes to Financial Statements.

**COMMUNITY INVOLVEMENT PROGRAMS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	2013		
	Unrestricted	Temporarily Restricted	Total
OPERATING SUPPORT AND REVENUE			
Program Revenue	\$ 29,658,795	\$ -	\$ 29,658,795
Work Component Income	2,443	-	2,443
Grants and Donations	77,605	-	77,605
Fundraising Revenue (Net of Expense)	21,354	-	21,354
Management Fee Income	141,147	-	141,147
Interest Income	1,284	-	1,284
Other Income	39,845	-	39,845
Total Support and Revenue	<u>29,942,473</u>	<u>-</u>	<u>29,942,473</u>
Net Assets Released from Restrictions	52,648	(52,648)	-
Net Support and Revenue	<u>29,995,121</u>	<u>(52,648)</u>	<u>29,942,473</u>
EXPENSES			
Program Services	28,208,965	-	28,208,965
Support Services			
Management and General	1,489,386	-	1,489,386
Fund Raising	89,363	-	89,363
Total Support Services	<u>29,787,714</u>	<u>-</u>	<u>29,787,714</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>207,407</u>	<u>(52,648)</u>	<u>154,759</u>
NON-OPERATING NET ASSETS			
Realized Loss on Disposal of Assets	(6,008)	-	(6,008)
Unrealized Gain on Trust Investments	43,846	-	43,846
	<u>37,838</u>	<u>-</u>	<u>37,838</u>
CHANGES IN NET ASSETS	<u>\$ 245,245</u>	<u>\$ (52,648)</u>	<u>\$ 192,597</u>

See accompanying Notes to Financial Statements.

**COMMUNITY INVOLVEMENT PROGRAMS
STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014 AND 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Balance – December 31, 2012 (As Restated)	\$ 1,518,021	\$ 225,915	\$ 1,743,936
Change in Net Assets	<u>245,245</u>	<u>(52,648)</u>	<u>192,597</u>
Balance – December 31, 2013	1,763,266	173,267	1,936,533
Change in Net Assets	<u>524,092</u>	<u>22,088</u>	<u>546,180</u>
Balance – December 31, 2014	<u><u>\$ 2,287,358</u></u>	<u><u>\$ 195,355</u></u>	<u><u>\$ 2,482,713</u></u>

See accompanying Notes to Financial Statements.

**COMMUNITY INVOLVEMENT PROGRAMS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	Year Ended December 31,	
	2014	2013
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Changes in Net Assets	\$ 546,180	\$ 192,597
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	251,802	306,800
Amortization	4,498	4,152
Loss (Gain) on Disposal of Assets	(3,659)	6,008
Decrease (Increase) Decrease in Operating Assets:		
Accounts Receivable	(167,356)	690,002
Due from Related Organizations	82,653	(229,755)
Prepaid Expenses and Deposits	45,318	(39,377)
Unemployment Trust	(135,196)	(383,794)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Deposits	171,258	(3,025)
Accrued Payroll, Interest, Vacation Pay, Payroll Taxes and Other Accrued Expenses	313,877	(243,248)
Unemployment Reserve	135,196	383,794
Accrued Retirement	(93,187)	27,202
Net Cash Provided by Operating Activities	<u>1,151,383</u>	<u>711,356</u>
CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES		
Purchase of Property and Equipment	(115,964)	(64,558)
Proceeds from Disposal of Assets	3,654	23,318
Increase in Construction in Progress	(241,913)	(39,904)
Payments Received (Advanced) on Note Receivable	530	(45,874)
Net Cash Used for Investing Activities	<u>(353,693)</u>	<u>(127,018)</u>
CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES		
Payments on Long-Term Debt	(75,775)	(66,895)
Net Borrowing (Repayment) on Line of Credit	(100,000)	100,000
Net Cash Provided by (Used for) Financing Activities	<u>(175,775)</u>	<u>33,105</u>
NET INCREASE IN CASH	621,915	617,443
CASH – Beginning	1,025,171	407,728
CASH – Ending	<u>\$ 1,647,086</u>	<u>\$ 1,025,171</u>
SUPPLEMENTAL INFORMATION:		
Cash Paid During the Period for Interest	<u>\$ 67,500</u>	<u>\$ 74,500</u>

See accompanying Notes to Financial Statements.

**COMMUNITY INVOLVEMENT PROGRAMS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Community Involvement Programs (Organization) is a Minnesota nonprofit organization organized to assist 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 were 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 provided Home Health Services under a license from the Department of Health. Non-medical assistance services include shared housing and community support.

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, 2014**

NOTE 1 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, 2014 and 2013. The Organization places its temporary cash investments with one financial institution.

Cash Deposits

The Organization, at times, maintains cash deposits with financial institutions in excess of FDIC insurance coverage which was \$250,000 for the years ended December 31, 2014 and 2013

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 \$66,150 and \$86,500 at December 31, 2014 and 2013, 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, 2014**

NOTE 1 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, 2014 and 2013.

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.

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 \$4,498 and \$4,152 for the each of the years ended December 31, 2014 and 2013, respectively.

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, 2014 and 2013.

As of December 31, 2014 and 2013, the Organization had not received any permanently restricted contributions.

Donated Material and Services

Donated materials are reflected as contributions in the financial statements at their estimated value at the date of receipt. No amounts have been reflected in the statements for donated services since no objective basis is available to measure the value of such services.

**COMMUNITY INVOLVEMENT PROGRAMS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Administrative Costs

The administrative costs have been allocated among the programs benefited and are included in the total program costs as reported on the Statements of Activities.

Income Tax Status

The Organization was incorporated under the laws of Minnesota as a not-for-profit corporation and is exempt from federal income tax under Internal Revenue Code 501(c)(3).

Uncertain Tax Positions

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 2011 through 2014.

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, 2014 and 2013 are as follows:

	2014		2013	
	Amount	%	Amount	%
Program	\$ 32,506,716	94.6	\$28,208,965	94.7
Management and General	1,820,152	5.3	1,489,386	5.0
Fundraising	50,833	0.1	89,363	0.3
Total	<u>\$ 34,377,701</u>		<u>\$ 29,787,714</u>	

COMMUNITY INVOLVEMENT PROGRAMS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – Continued

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.

Reclassifications

Certain reclassifications have been made on the 2013 financial statements to conform to the 2014 presentation. The reclassifications have no effect on the changes in net assets or net assets as previously reported.

NOTE 2 **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 3.25% at December 31, 2014), is due on demand and secured by accounts receivable and other property. The line of credit expires on October 15, 2015. Borrowings outstanding under this agreement were \$0 as of December 31, 2014 and 2013.

The Organization has a second line of credit agreement for \$350,000 with Sunrise Community Bank, which includes interest at prime (effective rate of 3.25% at December 31, 2014), is due on demand and secured by accounts receivable and other property. The line of credit expires on October 15, 2015. Borrowings outstanding under this agreement were \$0 and \$100,000 as of December 31, 2014 and 2013, respectively.

**COMMUNITY INVOLVEMENT PROGRAMS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 3 MORTGAGES AND NOTES PAYABLE

Mortgages and Notes Payable outstanding at December 31, 2014 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 payment of \$9,503, through July 2033, secured by Property and Equipment.	3.90%	\$ 61,863	\$ 1,429,125	\$ 1,490,988
Wells Fargo Home Mortgage, principal and interest payments of \$672 through February 2034, secured by a home.	6.63%	2,355	84,815	87,170
Northview Bank, monthly principal and interest payments of \$262 through October 2018, secured by land.	7.00%	1,359	19,272	20,631
Wells Fargo Home Mortgage, monthly principal and interest payments of \$8,110 through February 2034, secured by a vehicle	3.90%	8,097	140,029	148,126
Total		<u>\$ 73,674</u>	<u>\$ 1,673,241</u>	<u>\$ 1,746,915</u>

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2015	\$ 73,674
2016	85,881
2017	88,714
2018	91,528
2019	94,245
Thereafter	1,312,873
Total	<u>\$ 1,746,915</u>

**COMMUNITY INVOLVEMENT PROGRAMS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 4 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, 2014 and 2013 are as follows:

<u>Description</u>	<u>2014</u>	<u>2013</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, no payment due until maturity, October 2031, secured by real estate in the Shared Housing Program.	25,000	25,000

**COMMUNITY INVOLVEMENT PROGRAMS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 4 DEFERRED LOANS – Continued

<u>Description</u>	<u>2014</u>	<u>2013</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.	96,800	96,800
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, May 2042, secured by real estate in the Shared Housing Program.	223,920	223,920
Total Deferred Loans	<u>\$ 2,080,148</u>	<u>\$ 2,080,148</u>

NOTE 5 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 \$158,471 and \$141,147 of management and maintenance fees to the Organization during the years ended December 31, 2014 and 2013, respectively. The nonprofit corporations owed the Organization for these services and start-up costs totaling \$675,284 and \$758,467 at December 31, 2014 and 2013, respectively.

**COMMUNITY INVOLVEMENT PROGRAMS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 6 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 2017.

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

Year Ending December 31,	Building Leases	Vehicles and Equipment	Total
2015	\$ 378,508	\$ 254,740	\$ 633,248
2016	344,233	177,973	522,206
2017	354,063	71,013	425,076
2018	322,721	16,557	339,278
2019	98,638	-	98,638
Thereafter	17,646	-	17,646
Total	<u>\$ 1,515,809</u>	<u>\$ 520,283</u>	<u>\$ 2,036,092</u>

NOTE 7 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, 2014 and 2013 was \$40,589 and \$95,979, respectively.

NOTE 8 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, 2014**

NOTE 9 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 10 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 2013 beginning Unrestricted Net Assets to properly record this item. The error has no impact on changes to net assets reported in fiscal years 2013 and 2014.

The effect of the adjustment on the amounts previously reported in the 2013 financial statements is as follows:

	As Previously Reported	Adjustment Increase (Decrease)	As Restated
Deferred Loans	\$ 1,975,097	\$ 105,051	\$ 2,080,148
2013 Unrestricted Net Assets – (Beginning)	1,623,072	(105,051)	1,518,021

NOTE 11 SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated for recognition or disclosure the events or transactions that occurred through June 19, 2015, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

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

	2014		
	Employment and Community Supports	Mental Health	Metro DD Residential
SUPPORT AND REVENUE			
Program Revenue	\$ 2,640,400	\$ 2,765,666	\$ 2,624,707
Work Component Income	-	-	-
Grants and Donations	37,304	10,000	-
Fundraising Revenue (Net of Expense)	-	-	-
Management Fee Income	-	-	-
Interest Income	-	12	-
Other Income	128	7,001	8,916
Total Support and Revenue	<u>2,677,832</u>	<u>2,782,679</u>	<u>2,633,623</u>
OPERATING EXPENSES			
Salaries	1,160,575	1,578,495	1,568,939
Payroll Taxes	105,125	137,701	123,645
Employee Benefits	222,903	288,229	286,023
Total Personal	<u>1,488,603</u>	<u>2,004,425</u>	<u>1,978,607</u>
Supplies	24,778	81,628	145,579
Occupancy	264,880	219,954	126,997
Maintanance Allocation	22,896	65,265	66,147
Equipment	13,279	7,106	7,229
Contract Services	133,203	16,344	43,831
Transportation	380,963	75,076	103,340
Staff Development	29,441	12,262	17,581
Bad Debt Expense	8,983	16,454	9,504
Other Expense	18,706	21,415	40,641
Depreciation Expense	22,901	28,909	50,976
Total Expense Before Administrative	<u>2,408,633</u>	<u>2,548,838</u>	<u>2,590,431</u>
Administrative Expense Allocation	279,691	290,017	280,472
Total Operating Expenses	<u>2,688,323</u>	<u>2,838,854</u>	<u>2,870,903</u>
Change in Net Assets from Operations	(10,491)	(56,176)	(237,280)
Realized Gain (Loss) on Sale/Disposal of Assets	2,287	-	4,585
Unrealized Gain on Trust Assets	-	-	-
Change in Net Assets	<u>\$ (8,204)</u>	<u>\$ (56,176)</u>	<u>\$ (232,695)</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		
	Case Management	Northern Programs	Family Services
SUPPORT AND REVENUE			
Program Revenue	\$ 1,781,966	\$ 1,659,858	\$ 21,593,343
Work Component Income	-	-	-
Grants and Donations	-	-	-
Fundraising Revenue (Net of Expense)	-	-	-
Management Fee Income	-	-	-
Interest Income	-	-	8
Other Income	287	910	-
Total Support and Revenue	<u>1,782,252</u>	<u>1,660,767</u>	<u>21,593,351</u>
OPERATING EXPENSES			
Salaries	944,664	933,166	15,672,807
Payroll Taxes	83,332	80,757	1,815,391
Employee Benefits	172,423	169,751	245,061
Total Personal	<u>1,200,418</u>	<u>1,183,673</u>	<u>17,733,260</u>
Supplies	13,494	91,472	191,753
Occupancy	101,895	125,815	265,866
Maintanance Allocation	5,912	-	3,398
Equipment	10,748	6,171	57,054
Contract Services	2,119	2,813	1,622,158
Transportation	21,270	81,055	207,458
Staff Development	14,005	3,473	118,711
Bad Debt Expense	9,164	20,361	94,543
Other Expense	4,681	17,865	22,888
Depreciation Expense	5,961	25,071	724
Total Expense Before Administrative	<u>1,389,666</u>	<u>1,557,770</u>	<u>20,317,813</u>
Administrative Expense Allocation	146,804	171,225	476,036
Total Operating Expenses	<u>1,536,471</u>	<u>1,728,996</u>	<u>20,793,849</u>
Change in Net Assets from Operations	245,781.85	(68,228)	799,502
Realized Gain (Loss) on Sale/Disposal of Assets	-	4,014	-
Unrealized Gain on Trust Assets	-	-	-
Change in Net Assets	<u>\$ 245,782</u>	<u>\$ (64,214)</u>	<u>\$ 799,502</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		
	Housing	FEA	Total Program Services
SUPPORT AND REVENUE			
Program Revenue	\$ 270,194	\$ 1,250,434	\$ 34,586,567
Work Component Income	-	-	-
Grants and Donations	25,000	-	72,304
Fundraising Revenue (Net of Expense)	-	-	-
Management Fee Income	114,415	-	114,435
Interest Income	-	-	20
Other Income	289	-	17,530
Total Support and Revenue	<u>409,898</u>	<u>1,250,434</u>	<u>34,790,857</u>
OPERATING EXPENSES			
Salaries	206,528	958,013	23,023,186
Payroll Taxes	18,039	12,229	2,376,219
Employee Benefits	37,994	-	1,422,384
Total Personal	<u>262,561</u>	<u>970,242</u>	<u>26,821,789</u>
Supplies	6,754	22,389	577,847
Occupancy	187,463	20,750	1,313,619
Maintanance Allocation	(181,380)	-	(17,762)
Equipment	9,596	2,606	113,788
Contract Services	856	153,598	1,974,923
Transportation	69,391	9,478	948,031
Staff Development	1,533	550	197,556
Bad Debt Expense	-	11,690	170,698
Other Expense	3,139	40,759	170,095
Depreciation Expense	101,590	-	236,132
Total Expense Before Administrative	<u>461,503</u>	<u>1,232,063</u>	<u>32,506,716</u>
Administrative Expense Allocation	41,341	41,740	1,727,326
Total Operating Expenses	<u>502,844</u>	<u>1,273,803</u>	<u>34,234,042</u>
Change in Net Assets from Operations	(92,946)	(23,368)	556,815
Realized Gain (Loss) on Sale/Disposal of Assets	(15,000)	-	(4,114)
Unrealized Gain on Trust Assets	-	-	-
Change in Net Assets	<u>\$ (107,946)</u>	<u>\$ (23,368)</u>	<u>\$ 552,701</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		
	Administrative	Fund Raising	2014 Total
SUPPORT AND REVENUE			
Program Revenue	\$ 1,680	\$ -	\$ 34,588,247
Work Component Income	1,088	-	1,088
Grants and Donations	-	11,083	83,386
Fundraising Revenue (Net of Expense)	-	38,339	38,339
Management Fee Income	44,036	-	158,471
Interest Income	579	-	599
Other Income	273	-	17,804
Total Support and Revenue	47,656	49,421	34,887,934
OPERATING EXPENSES			
Salaries	973,133	5,743	24,002,062
Payroll Taxes	8,119	2,578	2,386,915
Employee Benefits	115,650	1,103	1,539,138
Total Personal	1,096,902	9,424	27,928,115
Supplies	56,118	1,729	635,694
Occupancy	212,437	9,025	1,535,081
Maintanance Allocation	17,065	698	-
Equipment	14,967	2,993	131,747
Contract Services	336,335	2,728	2,313,986
Transportation	(46,696)	294	901,628
Staff Development	63,338	23,026	283,920
Bad Debt Expense (Recovery)	(1,118)	-	169,581
Other Expense	55,134	918	226,146
Depreciation Expense	15,670	-	251,802
Total Expense Before Administrative	1,820,152	50,833	34,377,701
Administrative Expense Allocation	(1,732,435)	5,109	-
Total Operating Expenses	87,717	55,942	34,377,701
Change in Net Assets from Operations	(40,061)	(6,520)	510,233
Realized Gain (Loss) on Sale/Disposal of Assets	7,773	-	3,659
Unrealized Gain on Trust Assets	32,288	-	32,288
Change in Net Assets	\$ -	\$ (6,520)	\$ 546,180

See accompanying Independent Auditor's Report.

**COMMUNITY INVOLVEMENT PROGRAMS
SCHEDULE OF CHANGES IN NET ASSETS BY PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2013**

	2013 Total
SUPPORT AND REVENUE	
Program Revenue	\$ 29,658,795
Work Component Income	2,443
Grants and Donations	77,605
Fundraising Revenue (Net of Expense)	21,354
Management Fee Income	141,147
Interest Income	1,284
Other Income	39,845
Total Support and Revenue	29,942,473
 OPERATING EXPENSES	
Salaries	20,476,416
Payroll Taxes	2,199,373
Employee Benefits	1,469,597
Total Personal	24,145,386
Supplies	573,836
Occupancy	1,388,814
Maintanance Allocation	-
Equipment	133,899
Contract Services	1,750,971
Transportation	955,133
Staff Development	217,124
Bad Debt Expense	183,949
Other Expense	131,802
Depreciation Expense	306,800
Total Expense Before Administrative	29,787,714
Administrative Expense Allocation	-
Total Operating Expenses	29,787,714
 Change in Net Assets from Operations	154,759
Realized (Gain) Loss on Sale/Disposal of Assets	37,831
Unrealized (Gain) Loss on Trust Assets	7
Change in Net Assets	\$ 192,597

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 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 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, which comprise the Statements of Financial Position as of December 31, 2014, and the related Statements of Activities, Changes in Net Assets, and Cash Flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated June 19, 2015.

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

June 19, 2015



Carlson Advisors LLP
Certified Public Accountants
Business Consultants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

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

Report on Compliance for Each Major 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, 2014. 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 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, 2014.

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

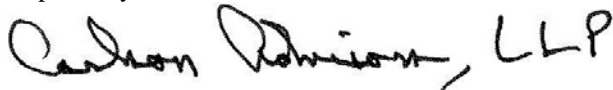
Management of Community Involvement Programs is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Community Involvement Program's internal 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 noncompliance* 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.

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,



CARLSON ADVISORS, LLP
Minneapolis, Minnesota

June 19, 2015

**COMMUNITY INVOLVEMENT PROGRAMS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

<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	\$ 2,080,148
Total		<u>\$ 2,080,148</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, 2014**

Summary of Auditors' Results

- | | |
|--|------------------------------|
| 1. The type of report issued on the financial statements: | Unqualified |
| 2. Reportable conditions in internal control that were disclosed by the audit of the financial statement:
Material Weakness: | None
None |
| 3. Noncompliance which is material to the financial statements: | None |
| 4. Reportable conditions in internal control over major programs that were disclosed by the audit of the financial statements:
Material Weakness: | None
None |
| 5. The type of report issued on compliance for major programs: | Unqualified |
| 6. Any audit findings that are required to be reported under Section 510(a) of OMB Circular A-133: | None |
| 7. Major Programs: | CFDA #14.181 Capital Advance |
| 8. Dollar threshold used to distinguish between Type A and Type B Programs: | \$300,000 |
| 9. Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: | No |

Findings Relating to the Financial Statements Reported in Accordance with *Government Accounting Standards* :

Current year

None

Prior year

None

Findings and Questioned Costs Relating to Federal Awards:

Current year

None

Prior year

None

See accompanying Independent Auditor's Report.