

**COMMUNITY INVOLVEMENT PROGRAMS**

**FINANCIAL STATEMENTS**

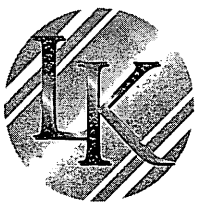
**WITH SUPPLEMENTARY INFORMATION AND**

**REPORTS REQUIRED BY OMB CIRCULAR A-133**

**YEARS ENDED DECEMBER 31, 2010 AND 2009**

## TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL STATEMENTS	1
FINANCIAL STATEMENTS	
Statements of financial position	2 - 3
Statements of activities	4 - 5
Statements of changes in net assets	6
Statements of cash flows	7
NOTES TO FINANCIAL STATEMENTS	8 - 16
SUPPLEMENTAL SCHEDULE OF CHANGES IN NET ASSETS BY PROGRAM	17 - 20
REPORTS REQUIRED BY OMB CIRCULAR A-133:	
Independent auditor's report:	
Compliance and internal control over financial reporting based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	21 - 22
Compliance with requirements applicable to each major program and on internal control over compliance and schedule of expenditures of federal awards in accordance with OMB Circular A-133	23 - 24
Schedule of expenditures of federal awards	25
Schedule of findings and questioned costs	26



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**INDEPENDENT AUDITOR'S REPORT  
ON THE BASIC FINANCIAL STATEMENTS**

Board of Directors  
COMMUNITY INVOLVEMENT PROGRAMS  
Minneapolis, Minnesota

We have audited the accompanying statements of financial position of Community Involvement Programs, a nonprofit organization, as of December 31, 2010 and 2009, and the related statements of activities, changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report on our consideration of Community Involvement Program's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information shown on pages 17 through 20 is presented for the purpose of additional analysis and is not a required part of the basic financial statements of Community Involvement Programs. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

April 18, 2011

## COMMUNITY INVOLVEMENT PROGRAMS

### STATEMENTS OF FINANCIAL POSITION

December 31, 2010 and 2009

ASSETS	2010	2009
<b>CURRENT ASSETS</b>		
Cash	\$ 434,029	\$ 285,957
Accounts receivable, less allowance for doubtful accounts of \$73,000 and \$83,000	2,046,906	1,876,851
Accounts receivable - Management Services	-	28,549
Grants receivable	205,300	307,050
Due from related organizations	254,706	302,731
Prepaid expenses	17,915	13,136
Total current assets	<u>2,958,856</u>	<u>2,814,274</u>
<b>PROPERTY AND EQUIPMENT, AT COST</b>		
Land	476,692	476,692
Buildings and building improvements	5,045,205	4,988,468
Furniture and equipment	771,138	752,966
Vehicles	205,834	202,983
Construction in progress	155,568	3,516
	<u>6,654,437</u>	<u>6,424,625</u>
Less accumulated depreciation	<u>3,009,821</u>	<u>2,720,782</u>
Net property and equipment	<u>3,644,616</u>	<u>3,703,843</u>
<b>OTHER ASSETS</b>		
Rental deposits	27,766	27,766
Loan closing costs (net of accumulated amortization)	87,201	91,257
Total other assets	<u>114,967</u>	<u>119,023</u>
Total assets	<u>\$ 6,718,439</u>	<u>\$ 6,637,140</u>

<b>LIABILITIES AND NET ASSETS</b>	<u>2010</u>	<u>2009</u>
<b>CURRENT LIABILITIES</b>		
Current maturities of long-term debt	\$ 82,090	\$ 78,317
Lines of credit	-	386,495
Accounts payable	283,624	148,390
Accrued expenses:		
Payroll	509,886	361,324
Payroll taxes and withholdings	118,845	41,675
Interest	6,820	7,464
Vacation pay	276,173	290,296
Accrued retirement	104,396	-
Other accrued expenses	94,267	99,255
Damage deposits	<u>9,218</u>	<u>7,318</u>
 Total current liabilities	 <u>1,485,319</u>	 <u>1,420,534</u>
<b>LONG-TERM DEBT</b>		
Mortgages and notes payable	1,806,902	1,886,045
Deferred loans	<u>1,856,228</u>	<u>1,856,228</u>
 Total long-term debt	 <u>3,663,130</u>	 <u>3,742,273</u>
 Total liabilities	 <u>5,148,449</u>	 <u>5,162,807</u>
<b>NET ASSETS</b>		
Unrestricted	1,218,469	961,993
Temporarily restricted	<u>351,521</u>	<u>512,340</u>
 Total net assets	 <u>1,569,990</u>	 <u>1,474,333</u>
 Total liabilities and net assets	 <u><u>\$ 6,718,439</u></u>	 <u><u>\$ 6,637,140</u></u>

See accompanying notes to financial statements.

**COMMUNITY INVOLVEMENT PROGRAMS**

**STATEMENTS OF ACTIVITIES**

**For the Years Ended December 31, 2010 and 2009**

	2010		Total
	Unrestricted	Temporarily Restricted	
<b>SUPPORT AND REVENUE</b>			
Program revenue	\$ 26,408,551	\$ -	\$ 26,408,551
Work component income	14,726	-	14,726
Grants and donations	61,046	-	61,046
Fundraising revenue (net of expense)	21,807	-	21,807
Management fee income	-	-	-
Interest income	267	-	267
Other income	30,347	-	30,347
Net assets released from restrictions	160,819	(160,819)	-
Total support and revenue	26,697,563	(160,819)	26,536,744
<b>OPERATING EXPENSES (FROM PAGE 19)</b>	26,441,087	-	26,441,087
<b>CHANGES IN NET ASSETS</b>	<u>\$ 256,476</u>	<u>\$ (160,819)</u>	<u>\$ 95,657</u>

	2009		
	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>			
Program revenue	\$ 21,789,346	\$ -	\$ 21,789,346
Work component income	11,432	-	11,432
Grants and donations	89,012	307,050	396,062
Fundraising revenue (net of expense)	23,790	-	23,790
Management fee income	12,075	-	12,075
Interest income	68	-	68
Other income	22,859	-	22,859
Net assets released from restrictions	15,626	(15,626)	-
 Total support and revenue	 21,964,208	 291,424	 22,255,632
<b>OPERATING EXPENSES (FROM PAGE 20)</b>	<u>21,919,494</u>	<u>-</u>	<u>21,919,494</u>
<b>CHANGES IN NET ASSETS</b>	<u>\$ 44,714</u>	<u>\$ 291,424</u>	<u>\$ 336,138</u>

See accompanying notes to financial statements.

**COMMUNITY INVOLVEMENT PROGRAMS**

**STATEMENTS OF CHANGES IN NET ASSETS  
For the Years Ended December 31, 2010 and 2009**

	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
Balance - December 31, 2008	\$ 1,138,195	\$ 917,279	\$ 220,916
Change in net assets	<u>336,138</u>	<u>44,714</u>	<u>291,424</u>
Balance - December 31, 2009	1,474,333	961,993	512,340
Change in net assets	<u>95,657</u>	<u>256,476</u>	<u>(160,819)</u>
Balance - December 31, 2010	<u><u>\$ 1,569,990</u></u>	<u><u>\$ 1,218,469</u></u>	<u><u>\$ 351,521</u></u>

See accompanying notes to financial statements.

**COMMUNITY INVOLVEMENT PROGRAMS**

**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 95,657	\$ 336,138
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	289,040	289,394
Amortization	4,056	4,147
(Increase) decrease in:		
Accounts receivable	(141,506)	321,564
Grants receivable	101,750	(307,050)
Due from related organizations	48,025	6,673
Prepaid expenses and deposits	(4,779)	178,711
Increase (decrease) in:		
Accounts payable and deposits	137,134	(29,338)
Accrued payroll, interest, vacation pay, payroll taxes and other accrued expenses	205,977	14,789
Accrued retirement	104,396	-
	<u>839,750</u>	<u>815,028</u>
Net cash provided by operating activities		
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(77,761)	(171,687)
Increase in construction in progress	(152,052)	-
	<u>(229,813)</u>	<u>(171,687)</u>
Net cash used by investing activities		
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payments on long-term debt	(75,370)	(78,355)
Proceeds of long-term debt	-	80,823
Net borrowings on line of credit	(386,495)	(565,728)
	<u>(461,865)</u>	<u>(563,260)</u>
Net cash used by financing activities		
<b>NET INCREASE IN CASH</b>	148,072	80,081
<b>CASH - beginning</b>	<u>285,957</u>	<u>205,876</u>
<b>CASH - ending</b>	<u>\$ 434,029</u>	<u>\$ 285,957</u>
<b>SUPPLEMENTAL INFORMATION:</b>		
Cash paid during the period for interest	<u>\$ 96,395</u>	<u>\$ 100,433</u>
Property and equipment acquired with debt	<u>\$ -</u>	<u>\$ 80,823</u>

See accompanying notes to financial statements.

## COMMUNITY INVOLVEMENT PROGRAMS

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Organization

Community Involvement Programs 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 following accounting policies are presented to facilitate the understanding of information presented in the financial statements.

##### 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 Financial Accounting Standards Board's Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-For-Profit Organizations". SFAS No. 117 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. As of December 31, 2010 and 2009, the Organization had not received any permanently restricted gifts.

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.

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.

## COMMUNITY INVOLVEMENT PROGRAMS

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### 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:

	<u>Life</u>
Building and improvements	1 to 35 years
Furniture and equipment	3 to 7 years
Vehicles	4 to 5 years

Expenditures for maintenance and repairs and minor renewals and betterments are charged to expense.

##### 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.

##### Administrative Costs

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

##### Accounts Receivable

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 \$73,000 and \$83,000 at December 31, 2010 and 2009, respectively.

## COMMUNITY INVOLVEMENT PROGRAMS

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Day Programs, SLS and Other Services

Community Involvement Programs has annual contracts with the Hennepin County Department of Human Services, the State of Minnesota and other counties to provide Day Training and Habilitation services and other services to developmentally disabled individuals on a per client day basis. Fees are negotiated at the beginning of the contract period based upon projections of costs made by the Organization. Revenue is recognized as services are performed.

##### Concentration of Credit Risk

The accounts receivable at December 31, 2010 and 2009 are primarily due from governmental sources directly or indirectly.

Cash on deposit at Park Midway Bank and Wells Fargo, N.A. for the years ended December 31, 2010 and 2009 exceeded FDIC insurance coverage of \$250,000. Park Midway Bank is a participant in the FDIC Transaction Account Guarantee Program (TAG). This program allows for unlimited insurance on non-interest bearing checking accounts.

##### Provision for Income Taxes

No provision for income taxes is necessary for the program operations as the Organization has elected to be exempt from taxes as provided under Sec. 501(c)(3) of the Internal Revenue Code as amended.

The Organization has adopted new 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 new 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. Prior to January 1, 2009, the Organization accrued liabilities for uncertain positions if losses were probable and could be reasonably estimated. The Organization has identified no income tax uncertainties.

The Organization is open to examination for the tax years 2007 through 2009.

## COMMUNITY INVOLVEMENT PROGRAMS

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1 ORGANIZATION AND 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, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Program	\$ 24,875,025	\$ 20,356,884
Management and general	1,432,697	1,404,540
Fundraising	<u>133,365</u>	<u>132,930</u>
Total	<u>\$ 26,441,087</u>	<u>\$ 21,894,354</u>

##### 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.

##### Subsequent Events

In preparing these financial statements, the Organization has evaluated for recognition or disclosure the events or transactions that occurred through May 23, 2011, the date the financial statements were available to be issued.

#### NOTE 2 LINES OF CREDIT

The Organization has a line of credit agreement for \$1,000,000 with Park Midway Bank, which includes interest at prime (3.25% at December 31, 2010), is due on demand and secured by accounts receivable and other property. The line of credit expires on October 15, 2011. Borrowings under this agreement were \$0 and \$386,495 for the years ended December 31, 2010 and 2009, respectively.

## COMMUNITY INVOLVEMENT PROGRAMS

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 2 LINES OF CREDIT (Continued)

The Organization has a second line of credit agreement for \$250,000 with Park Midway Bank, which includes interest at prime (3.25% at December 31, 2010), is due on demand and secured by accounts receivable and other property. The line of credit expires on October 15, 2011. Borrowings under this agreement were \$0 for the years ended December 31, 2010 and 2009, respectively.

#### NOTE 3 LONG-TERM DEBT

	2010	2009
<b><u>Mortgages and Notes Payable:</u></b>		
3.90% note payable to Park Midway Bank - Tax Exempt Bonds due July 2033, monthly payment including interest - \$9,503, secured by property and equipment.	\$ 1,706,600	\$ 1,753,085
6.63% mortgage payable to Wells Fargo Home Mortgage, due February 2034, monthly payment including interest - \$672, secured by a home.	95,358	97,213
6.75% note payable to City-County Federal Credit Union, due May 2012, monthly payment including interest - \$710, secured by a vehicle.	11,434	18,901
7.00% note payable to First National Bank of the North, due November 2013, monthly payment including interest - \$262, secured by a vehicle.	26,019	27,261
5.75% note payable to City-County Federal Credit Union, due May 2013, monthly payment including interest - \$946, secured by a vehicle.	25,573	35,157
5.75% note payable to City-County Federal Credit Union, due June 2013, monthly payment including interest - \$866, secured by a vehicle.	24,008	32,744
	1,888,992	1,964,361
Less current maturities of long-term debt	82,090	78,317
Total mortgages and notes payable	1,806,902	1,886,044

**COMMUNITY INVOLVEMENT PROGRAMS**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 LONG-TERM DEBT (Continued)**

	2010	2009
<b><u>Deferred Loans:</u></b>		
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, November 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

## COMMUNITY INVOLVEMENT PROGRAMS

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 3 LONG-TERM DEBT (Continued)

	2010	2009
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
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
Total deferred loans	1,856,228	1,856,228
Long-term debt	\$ 3,663,130	\$ 3,742,272

Principal payments required for the next five years are: 2011 - \$82,090; 2012 - \$80,962; 2013 - \$90,695; 2014 - \$60,148 and 2015 - \$62,596.

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 Community Involvement Programs.

## COMMUNITY INVOLVEMENT PROGRAMS

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 4 RELATED ORGANIZATIONS

Home Share and North Court Apartments are Minnesota nonprofit corporations, which prior to 1996, were operating units of the Organization. Kelly Apartments, Inc. is a Minnesota nonprofit corporation which became a related organization in 2001. Clear Spring Road Residences is a Minnesota nonprofit corporation incorporated in 2006. The corporations operate housing programs under programs administered by the Department of Housing and Urban Development.

The Organization and the corporations have certain members of their boards of directors in common. The Organization also provides office space, working capital and management support to the corporations as needed. The corporations owed the Organization for these services and start-up costs totaling \$254,706 and \$302,731 at December 31, 2010 and 2009, respectively.

#### NOTE 5 ACCOUNTS RECEIVABLE - MANAGEMENT SERVICES

Community Involvement Programs provided management services to an unrelated, nonprofit corporation, Stepping Stones Group Home, Inc. Amounts owed to the Organization for reimbursable expenses at December 31, 2010 and 2009 were \$0 and \$28,549, respectively.

On March 31, 2009 Community Involvement Programs terminated its management agreement with Stepping Stones Group Home, Inc.

#### 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. Subsequent to year end, the Organization entered into an operating lease for a Day Training and Habilitation Center in Minneapolis. In addition to rent, the Organization pays utilities, repairs and insurance on the leased properties. These leases expire at various times through 2018.

The Organization also leases various vehicles and equipment under noncancelable operating leases which expire at various times through 2015.

## COMMUNITY INVOLVEMENT PROGRAMS

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 6 LEASE COMMITMENTS (Continued)

Minimum future rental payments required under the above mentioned leases are as follows for the years ending December 31:

	<u>Office Space</u>	<u>Vehicles and Equipment</u>	<u>Total</u>
2011	\$ 335,164	\$ 214,146	\$ 549,310
2012	261,432	184,370	445,802
2013	268,183	97,422	365,605
2014	275,279	33,740	309,019
2015	282,655	12,993	295,648
Thereafter	<u>829,344</u>	<u>1,053</u>	<u>830,397</u>
	<u>\$2,252,057</u>	<u>\$ 543,724</u>	<u>\$2,795,781</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. Profit sharing expense for the years ended December 31, 2010 and 2009 was \$104,396 and \$0, respectively.

**COMMUNITY INVOLVEMENT PROGRAMS**

**SCHEDULE OF CHANGES IN NETS ASSETS BY PROGRAM**  
**For the Year Ended December 31, 2010 (With comparative total for 2009)**

	Employment and Community Supports	Mental Health	Metro DD Residential
Support and Revenue			
Program revenue	\$ 2,861,287	\$ 3,769,891	\$ 3,308,212
Work component income	13,484	-	-
Grants and donations	-	-	-
Fundraising revenue (net of expense)	-	-	-
Management fee income	-	-	-
Interest income	-	255	-
Other income	-	10,818	667
Total support and revenue	<u>2,874,771</u>	<u>3,780,964</u>	<u>3,308,879</u>
Operating Expenses			
Salaries	1,269,883	2,110,386	1,835,251
Payroll taxes	114,034	190,042	165,293
Employee benefits	257,557	428,805	371,157
Retirement expense	6,450	30,251	20,616
Contract services	14,550	15,906	15,397
Food	329	48,487	71,456
Supplies	24,376	30,724	55,311
Staff transportation	17,189	79,996	71,237
Other transportation	17,838	-	483
Work component expense	26,064	-	-
Building rent	203,241	176,929	45,347
Other occupancy	233	3,579	4,115
Training and conferences	8,637	8,401	16,131
Recruitment	2,573	2,767	988
Interest expense	1,729	19,427	31,020
Postage and printing	2,269	6,589	3,979
Utilities	48,458	68,940	54,563
Insurance	56,388	37,404	21,744
Equipment rent	132,684	36,427	29,338
Maintenance and repairs	3,139	12,628	10,665
Minor equipment	3,645	9,572	11,058
Vehicle operating costs	110,397	6,381	12,326
Depreciation and amortization	15,791	50,928	63,077
Bad debt expense	43,725	32,921	42,520
Licenses and permits	5,462	8,120	12,487
Dues and subscriptions	1,995	354	6,809
Miscellaneous expense	1,422	260	1,761
Housing services allocation	11,928	38,586	38,304
Administrative expense allocation	269,626	421,572	346,468
Total operating expenses	<u>2,671,612</u>	<u>3,876,382</u>	<u>3,358,901</u>
Change in net assets from operations	<u>\$ 203,159</u>	<u>\$ (95,418)</u>	<u>\$ (50,022)</u>

**COMMUNITY INVOLVEMENT PROGRAMS**

**SCHEDULE OF CHANGES IN NETS ASSETS BY PROGRAM**  
**For the Year Ended December 31, 2010 (With comparative total for 2009)**

	Northern Program	Family Services	Housing
<b>Support and Revenue</b>			
Program revenue	\$ 1,629,386	\$ 14,579,180	\$ 259,911
Work component income	-	-	163
Grants and donations	2,095	-	27,589
Fundraising revenue (net of expense)	-	-	-
Management fee income	-	-	-
Interest income	-	-	-
Other income	9,715	1,575	7,497
<b>Total support and revenue</b>	<u>1,641,196</u>	<u>14,580,755</u>	<u>295,160</u>
<b>Operating Expenses</b>			
Salaries	918,111	10,919,472	113,067
Payroll taxes	82,664	1,055,068	10,392
Employee benefits	184,451	455,264	23,213
Retirement expense	15,040	7,257	1,577
Contract services	2,700	594,088	448
Food	60,290	47,083	634
Supplies	34,202	612,595	4,161
Staff transportation	11,564	24,339	150
Other transportation	(1,332)	312	891
Work component expense	-	-	100
Building rent	51,450	9,062	39,958
Other occupancy	7,738	1,050	9,370
Training and conferences	1,375	50,448	837
Recruitment	877	372	-
Interest expense	18,897	-	2,682
Postage and printing	104	2,710	972
Utilities	34,930	45,370	59,592
Insurance	22,812	516	22,692
Equipment rent	25,840	896	19,706
Maintenance and repairs	4,696	120	24,794
Minor equipment	6,504	328,425	15,980
Vehicle operating costs	19,322	-	11,912
Depreciation and amortization	33,629	986	101,322
Bad debt expense	926	20,222	(1)
Licenses and permits	4,394	1,000	1,258
Dues and subscriptions	2,533	19,838	-
Miscellaneous expense	3,290	1,421	(37)
Housing services allocation	-	1,104	(165,540)
Administrative expense allocation	174,410	56,832	38,436
<b>Total operating expenses</b>	<u>1,721,417</u>	<u>14,255,850</u>	<u>338,566</u>
<b>Change in net assets from operations</b>	<u>\$ (80,221)</u>	<u>\$ 324,905</u>	<u>\$ (43,406)</u>

**COMMUNITY INVOLVEMENT PROGRAMS**

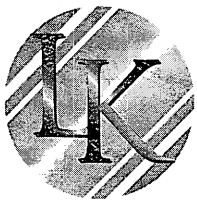
**SCHEDULE OF CHANGES IN NETS ASSETS BY PROGRAM**  
**For the Year Ended December 31, 2010 (With comparative total for 2009)**

	<u>Administrative</u>	<u>Fundraising</u>	<u>2010 Total</u>
Support and Revenue			
Program revenue	\$ 684	\$ -	\$ 26,408,551
Work component income	1,079	-	14,726
Grants and donations	83	31,279	61,046
Fundraising revenue (net of expense)	1,436	20,371	21,807
Management fee income	-	-	-
Interest income	12	-	267
Other income	75	-	30,347
Total support and revenue	<u>3,369</u>	<u>51,650</u>	<u>26,536,744</u>
Operating Expenses			
Salaries	719,895	68,610	17,954,675
Payroll taxes	71,243	6,435	1,695,171
Employee benefits	158,519	14,746	1,893,712
Retirement expense	23,205	-	104,396
Contract services	112,989	12,076	768,154
Food	41	-	228,320
Supplies	52,988	14,718	829,075
Staff transportation	1,686	343	206,504
Other transportation	-	-	18,192
Work component expense	705	-	26,869
Building rent	83,826	2,266	612,079
Other occupancy	4,637	84	30,806
Training and conferences	4,719	120	90,668
Recruitment	1,679	-	9,256
Interest expense	21,996	-	95,751
Postage and printing	19,281	7,303	43,207
Utilities	37,363	280	349,496
Insurance	16,253	-	177,809
Equipment rent	10,603	248	255,742
Maintenance and repairs	13,710	30	69,782
Minor equipment	8,309	432	383,925
Vehicle operating costs	2,271	-	162,609
Depreciation and amortization	25,170	2,285	293,188
Bad debt expense	10,032	-	150,345
Licenses and permits	(1,898)	-	30,823
Dues and subscriptions	7,533	900	39,962
Miscellaneous expense	16,563	2,093	26,773
Housing services allocation	9,379	396	(65,843)
Administrative expense allocation	(1,331,183)	(16,520)	(40,359)
Total operating expenses	<u>101,514</u>	<u>116,845</u>	<u>26,441,087</u>
Change in net assets from operations	<u>\$ (98,145)</u>	<u>\$ (65,195)</u>	<u>\$ 95,657</u>

**COMMUNITY INVOLVEMENT PROGRAMS**

**SCHEDULE OF CHANGES IN NETS ASSETS BY PROGRAM  
For the Year Ended December 31, 2010 (With comparative total for 2009)**

	2009 Total
Support and Revenue	
Program revenue	\$ 21,789,346
Work component income	11,432
Grants and donations	396,062
Fundraising revenue (net of expense)	23,790
Management fee income	12,075
Interest income	68
Other income	22,859
Total support and revenue	22,255,632
Operating Expenses	
Salaries	14,973,071
Payroll taxes	1,242,437
Employee benefits	1,589,574
Retirement expense	-
Contract services	563,898
Food	213,982
Supplies	285,868
Staff transportation	210,047
Other transportation	13,739
Work component expense	32,251
Building rent	600,334
Other occupancy	21,448
Training and conferences	332,334
Recruitment	9,218
Interest expense	100,263
Postage and printing	22,710
Utilities	318,936
Insurance	177,843
Equipment rent	256,904
Maintenance and repairs	96,377
Minor equipment	225,590
Vehicle operating costs	147,516
Depreciation and amortization	289,394
Bad debt expense	222,936
Licenses and permits	27,167
Dues and subscriptions	27,124
Miscellaneous expense	25,140
Housing services allocation	(66,696)
Administrative expense allocation	(39,911)
Total operating expenses	21,919,494
Change in net assets from operations	\$ 336,138



**LANIGAN & KOLB, LLP**  
Certified Public Accountants

RICHARD A. LANIGAN, CPA  
STEPHEN J. KOLB, CPA  
JAMES A. LANIGAN, CPA

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

Board of Directors  
COMMUNITY INVOLVEMENT PROGRAMS  
Minneapolis, Minnesota

We have audited the financial statements of Community Involvement Programs, a nonprofit organization, as of and for the year ended December 31, 2010, and have issued our report thereon dated April 18, 2011. 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.

**Compliance**

As part of obtaining reasonable assurance about whether Community Involvement Programs' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

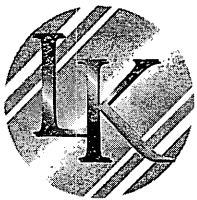
In planning and performing our audit, we considered Community Involvement Programs' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, Board of Directors, management, others within the Organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Lanjin & Koll, LLP*

April 18, 2011



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE AND SCHEDULE OF EXPENDITURES OF FEDERAL  
AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors  
COMMUNITY INVOLVEMENTS PROGRAMS  
Minneapolis, Minnesota

**Compliance**

We have audited the compliance of Community Involvement Programs, a nonprofit organization, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2010. Community Involvement Programs' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Community Involvement Programs' management. Our responsibility is to express an opinion on Community Involvement Programs' compliance based on our audit.

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, *Audit of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred.

An audit includes examining, on a test basis, evidence about Community Involvement Programs' 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. Our audit does not provide a legal determination on Community Involvement Programs' compliance with those requirements.

In our opinion, Community Involvement Programs complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2010.

## **Internal Control Over Compliance**

The management of Community Involvement Programs is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Community Involvement Programs' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

## **Schedule of Expenditures of Federal Awards**

We have audited the financial statement of Community Involvement Programs as of and for the year ended December 31, 2010, and have issued our report thereon dated April 18, 2011. Our audit was performed for the purpose of forming an opinion on the financial statements taken 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, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, Board of Directors, management, others within the Organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



April 18, 2011

COMMUNITY INVOLVEMENT PROGRAMS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 2010

<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	14.239	\$ 1,490,429
Total		<u>\$ 1,490,429</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.

**COMMUNITY INVOLVEMENT PROGRAMS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2010**

**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 #14.239 HOME Program
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 Auditing Standards*:

*Current year*

None

*Prior year*

None

Findings and Questioned Costs Relating to Federal Awards:

*Current year*

None

*Prior year*

None