COMMUNITY INVOLVEMENT PROGRAMS

CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

For The Year Ended
December 31, 2017

- This page intentionally left blank -

COMMUNITY INVOLVEMENT PROGRAMS
TABLE OF CONTENTS

- This page intentionally left blank -

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Community Involvement Programs
Minneapolis, Minnesota

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Community Involvement Programs (a not-for-profit organization), which comprise the consolidated statement of financial position as of December 31, 2017, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

4810 White Bear Parkway, St. Paul, MN, 55110 651.426.7000 www.redpathcpas.com

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community Involvement Programs as of December 31, 2017, 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 16 to the consolidated financial statements, Community Involvement Programs elected to early implement as of January 1, 2017 the provisions of Accounting Standards Update 2016-14 Not-For-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-For-Profit Entities*. Our opinion is not modified with respect to that matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules are presented for additional analysis and are not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The consolidating schedules and schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2018, on our consideration of Community Involvement Programs' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of Community Involvement Programs' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Involvement Programs' internal control over financial reporting and compliance.

Redpath and Company, Ltd.

REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

April 16, 2018

- This page intentionally left blank -

FINANCIAL STATEMENTS

COMMUNITY INVOLVEMENT PROGRAMS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION **Statement 1**
December 31, 2017

Current assets	
Cash and cash equivalents	$1,630,772
Accounts receivable, less allowance for doubtful accounts of $98,461 as of December 31, 2017	1,304,818
Prepaid expenses	282,070
Total current assets	3,217,660
Noncurrent assets	
Property and equipment, net	5,480,518
Other assets	
Assets limited as to use	740,915
Lease deposits	20,627
Deferred compensation asset	6,789
Unemployment trust deposits	313,948
Total other assets	1,082,279
Total assets	$9,780,457
Current liabilities	
Current maturities of morgages payable	139,434
Accounts payable	107,016
Accrued expenses:	
Salaries	280,075
Payroll taxes	21,101
Vacation pay	241,968
Retirement	13,642
Interest	2,856
Other	53,656
Damage deposits	20,488
Total current liabilities	880,236
Long-term liabilities	
Mortgages payable (net of finance costs and current portion)	1,206,715
Deferred loans	3,749,461
Deferred compensation liability	6,789
Unemployment trust reserve	313,948
Total long-term liabilities	5,276,913
Total liabilities	6,157,149
Net assets without donor restrictions	3,623,308
Total liabilities and net assets	$9,780,457

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

COMMUNITY INVOLVEMENT PROGRAMS

CONSOLIDATED STATEMENT OF ACTIVITIES **Statement 2**

For The Year Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Program revenue	$22,495,445	$ -	$22,495,445
Grants and donations	56,604	-	56,604
Fundraising event (net of expense)	7,761	-	7,761
Interest income	1,648	-	1,648
Other income	75,969	-	75,969
Total revenue	22,637,427	0	22,637,427
Net assets released from other restrictions	10,000	(10,000)	-
Net revenue	22,647,427	(10,000)	22,637,427
Expenses			
Program services	20,373,637	-	20,373,637
Management and general	2,309,312	-	2,309,312
Fundraising	146,285	-	146,285
Total expenses	22,829,234	0	22,829,234
Change in net assets from operations	(181,807)	(10,000)	(191,807)
Other income			
Gain on disposal of property and equipment	721,784	-	721,784
Unrealized gain on investments	4,183	-	4,183
Total other income	725,967	0	725,967
Changes in net assets	544,160	(10,000)	534,160
Net assets - January 1, as restated (note 16)	3,079,148	10,000	3,089,148
Net assets, end of year	$3,623,308	$0	$3,623,308

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

COMMUNITY INVOLVEMENT PROGRAMS

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES **Statement 3**

For The Year Ended December 31, 2017

	Program Services	Supporting Services: Administrative	Supporting Services: Fundraising	Total
Expenses				
Salaries	$13,880,279	$962,962	$82,336	$14,925,577
Payroll taxes	1,285,778	83,507	7,442	1,376,727
Employee benefits	1,397,810	267,701	16,184	1,681,695
Total personnel	16,563,867	1,314,170	105,962	17,983,999
Supplies	300,479	55,140	2,570	358,189
Occupancy	1,174,953	193,141	9,841	1,377,935
Maintenance allocation	(28,759)	28,183	576	-
Equipment	62,826	34,594	106	97,526
Professional services	654,307	468,233	18,171	1,140,711
Transportation	709,675	12,154	580	722,409
Staff development	154,870	120,920	3,621	279,411
Bad debt expense	216,749	-	-	216,749
Other expense	133,681	39,174	9,960	182,815
Depreciation expense	430,989	43,603	-	474,592
Total expenses	20,373,637	2,309,312	151,387	22,834,336
Less expenses included with revenues on the statement of activities				
Cost of direct benefits to donors	-	-	(5,102)	(5,102)
Total expenses included in the expenses section on the statement of activities	$20,373,637	$2,309,312	$146,285	$22,829,234

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

COMMUNITY INVOLVEMENT PROGRAMS

CONSOLIDATED STATEMENT OF CASH FLOWS **Statement 4**

For The Year Ended December 31, 2017

Cash provided by operating activities:	
Changes in net assets	$534,160
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	474,592
Amortization of finance costs	11,021
Loss (gain) on disposal of property and equipment	(721,784)
(Increase) decrease in fair value of investments	(4,162)
Decrease (increase) in operating assets:	
Accounts receivable	1,258,313
Prepaid expenses and deposits	(146,645)
Assets limited as to use	4,189
Increase (decrease) in operating liabilities:	
Accounts payable and deposits	(41,500)
Accrued salaries, interest, vacation pay, payroll taxes, retirement, and other accrued expenses	(391,884)
Net cash provided by operating activities	976,300
Cash provided by investing activities	
Purchases of property and equipment	(44,372)
Proceeds from disposal of property and equipment	1,301,192
Net cash provided by investing activities	1,256,820
Cash provided by (used for) financing activities	
Payments on mortgages payable	(914,734)
Net increase in cash and cash equivalents	1,318,386
Cash and cash equivalents - beginning	312,386
Cash and cash equivalents - ending	$1,630,772
Supplemental information:	
Cash paid during the period for interest	$78,513

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

- This page intentionally left blank -

Note 1 SUMMARY OF ORGANIZATION

The accompanying consolidated financial statements include the accounts of Community Involvement Programs (CIP), Home Share (HS), Clear Spring Road Residencies, Inc. (CSR), Kelly Apartments, Inc. (KA), and North Court Apartments (NC). Unless otherwise noted, these consolidated entities are hereinafter referred to as "the Organization."

The articles of incorporation for HS, KA, CSR and NC list CIP as the sole voting member of each of the respective entities. Under accounting principles generally accepted in the United States of America (GAAP), this is considered "control" and thus consolidation is required.

All significant intercompany accounts and transactions have been eliminated in consolidation. These consolidated financial statements have been prepared on the accrual basis of accounting in accordance with GAAP.

CIP is a Minnesota not-for-profit corporation providing assistance to adults with developmental disabilities and mental illness by providing residential and vocational services, with the primary focus on community integration. CIP is located in Minneapolis, Minnesota. CIP provides a variety of Home and Community Based Services (HCBS) as an enrolled Medical Assistance provider with the Minnesota Department of Human Services. The majority of services are provided under contract with Hennepin, Ramsey, Dakota, Pine, and Anoka counties.

Personal Support
Provide supervision and assistance to an individual, either in his or her home or in the community, in order for the person to meet his or her goals. CIP works with families and individuals using Personal Support Services to hire staff and implement the plan for supervision and assistance. CIP assists in developing a wide range of support to provide continuity of care, advocacy, access to resources, staff coordination and hiring, and monitoring the provision of services.

Residential Services
Provides residential services to individuals with intellectual/developmental disabilities and/or mental health issues in Hennepin and Pine Counties, focused on encouraging and supporting individuals to become active in their community. Training and support is provided to develop community living skills, participate in recreation and leisure opportunities, and build relationships with members of their neighborhoods. CIP also provides Host Home services in Hennepin County, offering a semi-independent living situation for individuals hoping to move outside of their family home or adult foster care setting, but still seeking supports and a greater connection to the community.

Case Management
Develops and carries out plans that enable the individuals served to live their greatest lives in various counties throughout Minnesota. Case management services increase the ability of the people served to self-direct their care, use person-centered principles to provide individualized supports, involve the families of the people served, emphasize individual choice and promote a greater quality of life.

Family Services
Make it possible for people to make their own choices of services and supports, providing the self-direction they want in order to live their greatest lives. Families and individuals receive a budget allocation from the State of Minnesota to hire support workers of their choosing and schedule hours based on their individual needs. CIP provides fiscal management support, helping people navigate complex waiver programs, providing financial reports, advice on goods and services that are allowed or disallowed, and guidance when they want to change providers.

Employment Services
Individualized support to find the right match of individual to job, including discovering individuals' abilities, skills and interests, job development, on-the-job training, and ongoing job support. Employment services staff provide support to help define customized career paths for individuals and work with employers to find and develop job opportunities that make sense for individuals. For people who do not work, we provide day services that allow people to volunteer, participate in personal development and learning, and engage with their communities on a daily basis.

Community Services
Support individuals with living as independently as possible by promoting wellness, safety, and recovery for people receiving services. Includes providing support and education in people's homes to increase independent or semi-independent living skills for people with mental health issues and/or intellectual/developmental disabilities. Housing support services help individuals living in some of CIP's housing units to increase their ability to live successfully in more independent settings. Community Services also includes CIP's Personal Support Services, which provide supervision and assistance to an individual, either in his or her home or in the community, in order for the person to meet his or her goals. CIP works with families and individuals to hire staff, ensure required training is completed, and implement the plan for supervision and assistance. CIP supports provide continuity of care, advocacy, access to resources, staff hiring and training, and monitoring of the provision of services.

Home Health Services
Services are designed to promote wellness and recovery, with an emphasis on psychiatric rehabilitation. Provides individuals with psychiatric nursing supports in the homes of people experiencing mental health issues. Nurses visit individuals on a regular basis to assist with medication management and education, and to assess mental health and stability. Nurses may make recommendations for other services for individuals who need additional support to live their greatest lives.

Housing
Provide access to affordable housing for people coping with low income or mental illness, or who are homeless or at risk of becoming homeless. Housing options include efficiency apartments, one- and two-bedroom apartments and shared houses with private bedrooms. People receiving housing services can feel more secure and prepared to live their greatest lives, and may choose to access other CIP services or services from other providers to build their skills, self-reliance, and wellness.

Home Share is a Minnesota not-for-profit corporation located in Minneapolis, Minnesota, organized to operate 22 residential residences throughout the state for individuals with severe and persistent mental illness under Section 811 (Supportive Housing for Persons with Disabilities) and Section 8 (Housing Assistance Payments) of the National Housing Act. Such projects are regulated by the United States Department of Housing and Urban Development (HUD) as to rent charges and operating methods.

Clear Spring Road Residences, Inc. is a Minnesota not-for-profit corporation organized to operate a 12-unit apartment project and two four-person adult foster care buildings located in Minnetonka, Minnesota. CSR operates under provisions of contracts with the Minnesota Housing Finance Agency (MHFA) and HUD as to rent charges and operating methods.

North Court Apartments is a Minnesota not-for-profit corporation organized to operate a multi-unit residence located in Sandstone, Minnesota. NC operates under the provision of Section 202 (Supportive Housing for the Elderly) and Section 8 (Housing Assistance Payments) of the National Housing Act. Such projects are regulated by HUD with respect to rental charges and operating methods.

Kelly Apartments, Inc. is a Minnesota not-for-profit corporation organized to operate a six unit apartment project located in St. Louis Park, Minnesota. KA operates under the provision of Section 811 (Supportive Housing for Persons with Disabilities). Such projects are regulated by HUD with respect to rental charges and operating methods.

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The consolidated 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', and the provisions of Accounting Standards Update 2016-14 Not-For-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-For-Profit Entities.* ASU 2016-14 requires the Organization to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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. Assets limited as to use are excluded from this definition. Cash on deposit in excess of FDIC and similar insurance coverages are subject to the usual banking risks of funds in excess of those limits. At times, amounts on deposit may exceed FDIC insured limits. To date, the Organization has not experienced losses in any of these accounts.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less allowance for doubtful accounts. The Organization provides for losses on these receivables using the allowance method. The allowance is based on experience and other circumstances. Receivables are considered past-due based on contractual terms. The Organization does not charge interest on past due accounts.

The Organization charges off uncollectible receivables against the allowance for doubtful accounts when all other options to pursue collection have been exhausted. At December 31, 2017 the allowance was $98,461.

Property and Equipment

Property and equipment are stated at cost if purchased or fair value at the date of the gift if donated. The Organization’s capitalization threshold is for property and equipment which exceed $5,000. Renewals and betterments with a cost of greater than the threshold that materially prolong the useful lives of assets are capitalized. Maintenance, repairs and minor improvements are expensed as incurred. 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.

Property and equipment are depreciated using the straight-line method over their estimated useful lives. The estimated useful lives of the assets are as follows:

Buildings and improvements	5 to 35 Years
Furniture and equipment	3 to 8 Years
Vehicles	4 to 5 Years

Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment, 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, 2017.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

Billings for rental services are recognized as income as the rent is due. Billings to governmental agencies for subsidized services, 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.

Contributions, including unconditional promises to give (pledges) are recognized in the period received. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. When a restriction by the donor expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Organization records contributions with donor restrictions for which the restriction is met in the same reporting period as contributions without donor restrictions. As of December 31, 2017, the Organization had no net assets with donor restrictions.

Government Grants Receivable and Revenue

Grants are recorded as receivables in the year made. Government grants are typically restricted for use on specific programs and/or are conditional upon uncertain future events. Advances and/or revenue from such grants are deferred until such conditions are met or services are rendered.

Financial awards from federal, state and local governments in the form of grants are subject to an Organization audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this time.

Donated Materials and Services

Donated materials are reflected as contributions in the consolidated financial statements at their estimated value at the date of receipt. Donated services are recognized as contributions in accordance with GAAP, if the service (a) creates or enhances nonfinancial assets or, (b) specialized skills are performed by people with those skills that would otherwise be purchased by the Organization. No amounts have been reflected in the statements for donated materials or services for 2017.

Income Tax Status

Each entity of the Organization is 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) as a public charity and not as a private foundation.

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 positions 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.

Use of Estimates

The preparation of consolidated financial statements in conformity with the regulatory basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Methods Used for Allocation of Functional Expenses

The costs of providing the various programs and other activities have been allocated on a functional basis in the Consolidated Statement of Activities. Expenses that can be identified with a specific program are allocated directly according to their natural expenditure classification. General and management expenses have been allocated among the programs and supporting services benefited. Administrative, finance, and technology costs are allocated to programs based on percent of total direct program expenses. Fringe benefits, workers compensation expense, and unemployment expense are allocated monthly to departments based on total salary expense. Shared office expenses, such as supplies, postage, telephone, and facility rent are allocated monthly to department based on the number of employees.

Note 3 LIQUIDITY AND AVAILABILITY

The Organization has $3,249,538 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of $1,630,772, accounts receivable of $1,304,818, and a reserve account with Unemployment Services Trust of $313,948. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

The Organization has a goal to maintain unrestricted cash on hand to meet 30 days of normal operating expenses, which are, on average, approximately $1,600,000. As more fully described in Note 8, CIP also has committed lines of credit in the amounts of $1,600,000 and $350,000, which it could draw upon to purchase equipment or in the event of an unanticipated liquidity need.

Note 4 ASSETS LIMITED AS TO USE

Reserve for Replacement

Under the regulatory agreements, the Organization is required to set aside amounts for the replacement of property and other project expenditures approved by HUD. During the year ended December 31, 2017, HUD authorized withdrawals from this reserve was $0. At December 31, 2017, total replacement reserves were $673,242.

Tenant Damage Deposits

The Organization is required to set aside amounts for the return of resident paid damage deposits. Restricted deposits, which were $59,411 at December 31, 2017, are being held in a separate bank account and generally are not available for operating purposes.

Residual Receipts Reserve

As of December 31, 2017, the residual receipts account balance was $8,262. Under the regulatory agreement, the funds are required to be held in a separate bank account and are generally not available for operating purposes. During the year ended December 31, 2017, the Organization returned $21,852 of its residual receipts to HUD in accordance with the Residual Receipts Authority – Section 202/811 PRAC memorandum to owners dated March 11, 2016.

At December 31, 2017, assets limited as to use were invested as follows:

Cash deposits	$359,492
U.S. Treasury and FICO STRIPS	381,423
	$740,915

Note 5 PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2017 is as follows:

	2017
Land	$550,344
Building and improvements	9,631,660
Furniture and equipment	896,585
Vehicles	115,424
Construction in progress	1,138
Total property and equipment	11,195,151
Less: Accumulated depreciation	(5,714,633)
Net property and equipment	$5,480,518

Note 6 INVESTMENTS AND FAIR VALUE MEASUREMENTS AND DISCLOSURES

HS investments are carried at fair value and consist of U.S. Treasury and FICO STRIPS totaling $381,423 at December 31, 2017.

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date and establishes a fair value hierarchy categorized into three levels based on the inputs used. Generally, the three levels are as follows:

- Level 1 – Quoted prices in active markets for identical assets.
- Level 2 – Significant other observable inputs.
- Level 3 – Significant unobservable inputs.

Level 1 investments include those traded on active markets with quoted prices. These include corporate stock, money market funds, mutual funds, exchange traded funds (ETFs) and U.S. treasury bills. Level 2 investments include those valued using dates which may include market data and/or quoted market prices from markets that are not active or are for the same or similar assets in active markets. These include governmental bonds not included in Level 1 and corporate bonds.

U.S. Treasury and FICO STRIPS are categorized as level 2.

Net investment income is comprised of the following:

Change in fair value	$4,162
Interest income	21
Net investment income	$4,183

Note 7 RELATED PARTY TRANSACTIONS

KA, HS, CSR and NC do not have any employees, nor do they pay any related payroll taxes or benefits.

Maintenance expenses are allocated based on the number of each entity's units compared to the number of units for all projects held by CIP, times the budgeted annual maintenance expense for the fiscal year. Total maintenance expenses allocated to related parties were $62,238 for the year ended December 31, 2017.

Management fees are allocated based on a percentage of budgeted revenues, trued up at the end of the year based on actual revenues. Total management fees allocated to related parties were $24,750 for the year ended December 31, 2017.

CIP recorded approximately $57,000 of rental expense related to leased housing space from CSR.

Intercompany receivable and payable below are eliminated in the consolidated financial statements and consist of total unreimbursed expenses paid by CIP on behalf of the organization. CIP pays all common expenses of its programs and the programs reimburse CIP. At December 31, 2017, the liability balance of unreimbursed expenses paid by CIP is as follows:

HS	$280,259
KA	128,118
CSR	140,254
NC	166,159
Total due to CIP	$714,790

Related party notes at December 31, 2017 are as follows:

Description	Due Within One Year	Due After One Year	Total
NC note payable to CIP, monthly payments of $1,029 thorugh July 2033 with 2.93% interest	$8,703	$114,376	$123,079
NC note payable to CIP, monthly payments of $964 through March 2018 with 3.25% interest	2,877	-	2,877
Total related party notes	$ 11,580	$ 114,376	$ 125,956

Note 8 LINES OF CREDIT

The Organization has a line of credit agreement for $1,600,000 with Sunrise Banks, which includes interest at prime (effective rate of 4.5% at December 31, 2017), is due on demand and secured by accounts receivable and other property. The line of credit is subject to financial and nonfinancial covenants and expires on October 13, 2018. There were no borrowings outstanding under this agreement at December 31, 2017.

The Organization has a second line of credit agreement for $350,000 with Sunrise Banks, which includes interest at prime (effective rate of 4.5% at December 31, 2017), is due on demand and secured by accounts receivable and other property. The line of credit is subject to financial and nonfinancial covenants and expires on October 13, 2018. There were no borrowings outstanding under this agreement at December 31, 2017.

Note 9 MORTGAGES PAYABLE

Mortgages payable are subject to financial and nonfinancial covenants. Amounts outstanding are as follows at December 31, 2017:

Description	Interest Rate	Due Within One Year	Due After One Year	Total
CIP - Northview Bank, monthly principal and interest payments of $262 through October 2018, secured by real property	7.00%	$14,979	$ -	$14,979
CIP - Sunrise Bank - Tax Exempt Bonds, monthly principal and interest payments of $9,503, through February 2023, secured by real property	2.93%	100,248	443,647	543,895
CIP - Sunrise Bank - Tax Exempt Bonds, monthly principal and interest payments of $1,029 through July 2033, secured by real property	2.93%	8,703	114,376	123,079
CIP - Venture Bank, Monthly principal and interest payments of $709 through May 2046, secured by real property	4.13%	2,691	139,569	142,260
CIP - Venture Bank, monthly principal and interest payments of $697 through October 2045, secured by real property	4.38%	2,531	131,993	134,524
CIP - Venture Bank, monthly principal and interest payments of $1,007 through October 2045, secured by real property	4.38%	3,658	190,675	194,333
CSR - Wells Fargo, monthly principal and interest payments of $1,897 through June 2037, secured by real property	6.50%	6,624	244,592	251,216
Outstanding mortgages payable		139,434	1,264,852	1,404,286
Less: unamoritized finance cost		-	(58,137)	(58,137)
Mortgages payable, net of finance costs		$139,434	$1,206,715	$1,346,149

Future minimum principal payments on mortgages payable are as follows:

Year Ending December 31,	Amount
2018	$139,434
2019	127,701
2020	131,852
2021	136,221
2022	140,709
Thereafter	728,369
Total	$1,404,286

Note 10 DEFERRED LOANS

Deferred loans consist of non-interest bearing mortgages to various housing agencies which require no payments until the maturity date. Certain notes will be forgiven if all loan and operating method requirements imposed by the respective regulatory agencies are met by the Organization during the term of the deferred loans. Revenue will be recognized upon forgiveness. There are no principal payments expected to be made within the next five years. The Organization has met all loan and operating method requirements as of December 31, 2017. Deferred loans outstanding are as follows at December 31, 2017:

Description	
CIP - Non-interest bearing mortgage payable to Hennepin County under the HOME Investment Partnership Program, no payment due until maturity, December 2038, secured by real property	$306,745
CIP - Non-interest bearing mortgage payable to Hennepin County under the HOME Investment Partnership Program, no payment due until maturity, December 2038, secured by real property	391,422
CIP - Non-interest bearing mortgage payable to Hennepin County under the HOME Investment Partnership Program, no payment due until maturity, November 2027, secured by real property	217,449
CIP - Non-interest bearing mortgage payable to Hennepin County under the HOME Investment Partnership Program, no payment due until maturity, December 2030, secured by real property	230,000
CIP - Non-interest bearing mortgage payable to Hennepin County under the HOME Investment Partnership Program, no payment due until maturity, June 2032, secured by real property	83,300
CIP - Non-interest bearing mortgage payable to Hennepin County under the the HOME Investment Partnership Program, no payment due until maturity, February 2033, secured by real property	251,826
CSR - Non-interest bearing mortgage payable to Hennepin County under the the HOME Investment Partnership Program, no payment due until maturity, September 2036, secured by real property	555,000

Note 10 DEFERRED LOANS - Continued

Description	
CIP - Non-interest bearing mortgage payable to Hennepin County Housing and Redevelopment Authority under the Affordable Housing Incentive Fund, forgivable upon maturity, June 2032, secured by real property	155,225
CIP - Non-interest bearing mortgage payable to Hennepin County Housing and Redevelopment Authority under the Affordable Housing Incentive Fund, forgivable upon maturity, June 2032, secured by real property	16,775
CIP - Non-interest bearing mortgage payable to Hennepin County Housing and Redevelopment Authority under the Affordable Housing Incentive Fund, forgivable upon maturity, June 2044, secured by real property	200,000
CIP - Non-interest bearing mortgage payable to Hennepin County Housing and Redevelopment Authority under the Affordable Housing Incentive Fund, forgivable upon maturity, November 2031, secured by real property	25,000
CIP - Non-interest bearing mortgage payable to Hennepin County Housing and Redevelopment Authority under the Affordable Housing Incentive Fund, forgivable upon maturity, July 2041, secured by real property	105,050
CIP - Non-interest bearing mortgage payable to Hennepin County Housing and Redevelopment Authority under the Affordable Housing Incentive Fund, forgivable upon maturity, December 2040, secured by real property	177,000
CIP - Non-interest bearing mortgage payable to Minnesota Housing Finance Agency, no payment due until maturity, September 2042, secured by real property	118,869
CIP - Non-interest bearing mortgage payable to Minnesota Housing Finance Agency, forgivable upon maturity, April 2033, secured by real property	96,800
CIP - Non-interest bearing mortgage payable to Minnesota Housing Finance Agency, forgivable upon maturity, April 2033, secured by real property	72,000
CIP - Non-interest bearing mortgage payable to Minnesota Housing Finance Agency, no payment due until maturity, September 2042, secured by real property	315,000
CSR - Non-interest bearing mortgage payable to Minnesota Housing Finance Agency, no payment due until maturity, September 2036, secured by real property	252,000
CSR - Non-interest bearing mortgage payable to Minnesota Housing Finance Agency, no payment due until maturity, September 2036, secured by real property	180,000
Total deferred loans	$3,749,461

Note 11 LEASE COMMITMENTS

The Organization leases its administrative office and program space under noncancelable leases which expire are various times through 2022. In addition to rent, the Organization pays utilities, repairs, and insurance on the leased properties.

The Organization also leases vehicles under noncancelable operating leases which expire at various times through 2021.

Total rent expense, including CAM and real estate taxes, under all leases was $976,843 for the year ended December 31, 2017.

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

Year Ending December 31,	Building Leases	Vehicles	Total
2018	$418,865	$164,277	$583,142
2019	327,799	132,688	460,487
2020	68,639	81,417	150,056
2021	33,600	22,002	55,602
2022	33,600	-	33,600
Total	$882,503	$400,384	$1,282,887

Note 12 COMMITMENTS AND CONTINGENCIES

In 1993, KA received $383,396 of capital advances for project development from HUD. In 1995, HS received $1,216,317 of capital advances for project development from HUD. These capital advances are non-interest bearing and are to be repaid only if default occurs within forty years of the agreement date. Conditions of default include termination of interest in the housing unit or the housing unit ceases to be used as housing for low income tenants. If no default occurs, the capital advance will be deemed to have been paid in full in the final year of the agreement and no repayment will be required. The Organization has met all loan and operating method requirements as of December 31, 2017 and therefore no liability has been recorded.

In 2006, CIP received a $289,593 supportive housing grant from HUD which was subsequently loaned to and used for project development of CSR. The grant agreement requires CIP to repay the grant in full if the project ceases to be used as supportive housing within ten years of the date the project was placed into service. If the project is used as supportive housing for more than ten years, HUD will reduce the percentage of the amount required to be repaid by ten percentage points for each year in excess of ten that the project is used as supportive housing. The Organization continues to meet all grant requirements, and therefore no liability has been recorded. The agreement between CIP and CSR allows for the loan to be forgiven so long as the original grant is not required to be repaid and therefore not recorded on either entity.

In 2004, CSR received a $130,000 Affordable Housing Program grant from the Federal Home Loan bank of Des Moines. The grant agreement requires CSR to repay the grant in full if the project ceases to provide supportive housing as committed to in the program application for 15 years from the date the project was placed into service. The Organization continues to meet all grant requirements and therefore no liability has been recorded.

Note 13 UNEMPLOYMENT TRUST

The Organization self-insures for Minnesota Unemployment claims via the Unemployment Services Trust. The Organization's unemployment trust balance per contract would be fully refunded upon payment of all outstanding unemployment claims. Both the recorded balance of the unemployment trust and estimate of claims payable at December 31, 2017 was $313,948.

Note 14 RETIREMENT PLANS

The Organization has 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. Retirement plan expense for the year ended December 31, 2017 was $169,474.

The Organization has a deferred compensation plan under section 457b of the Internal Revenue Code for highly compensated employees as defined by the Internal Revenue Code. Employer contributions to the plan are equal to 3% of compensation. Total expense for the year ended December 31, 2017 was $6,564.

Note 15 REVENUE CONCENTRATION

The Organization had contracts with government agencies whose revenue individually represented 10% or more of the Organization's total revenue as follows:

Minnesota Department of Human Services (245D revenue)	62%
Hennepin County Contracted Case Management	11%

Note 16 CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR PERIOD ADJUSTMENT

Effective January 1, 2017 the Organization elected to early implement the provisions of Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities.* This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The presentation in these consolidated financial statements has been adjusted accordingly. Net assets as of January 1, 2017 were restated by category with no impact on total net assets.

In addition, a prior period adjustment was recorded to consolidate entities in which CIP is the sole voting member.

A summary of January 1, 2017 prior period adjustments are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets - January 1, 2017, as previously reported	$1,951,829	$127,001	$2,078,830
Adjustments:			
ASU 2016-14 impact	117,001	(117,001)	-
Consolidate related entities	711,725	-	711,725
Total adjustments	828,726	(117,001)	711,725
Net assets, January 1, 2017, as restated	$2,780,555	$10,000	$2,790,555

Note 17 SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organization has evaluated for recognition or disclosure the events or transactions that occurred through April 16, 2018, the date the consolidated financial statements were available to be issued.

- This page intentionally left blank -

SUPPLEMENTAL INFORMATION

COMMUNITY INVOLVEMENT PROGRAMS
CONSOLIDATING STATEMENT OF FINANCIAL POSITION **Schedule 1**
December 31, 2017

	Community Involvement Programs	Housing Entities	Eliminations	Total
Current assets				
Cash and cash equivalents	$1,433,742	$197,030	$ -	$1,630,772
Accounts receivable, less allowance for doubtful accounts of $98,461 as of December 31, 2017	1,298,868	5,950	-	1,304,818
Prepaid expenses	282,020	50	-	282,070
Current maturities of notes receivable - related organization	11,580	-	(11,580)	-
Total current assets	3,026,210	203,030	(11,580)	3,217,660
Noncurrent assets				
Property and equipment, net	3,409,876	2,070,642	-	5,480,518
Other assets				
Assets limited as to use	23,538	717,377	-	740,915
Due from related party	714,790	-	(714,790)	-
Notes receivable - related party	114,376	-	(114,376)	-
Lease deposits	20,627	-	-	20,627
Deferred compensation deposits	6,789			6,789
Unemployment trust deposits	313,948	-	-	313,948
Total other assets	1,194,068	717,377	(829,166)	1,082,279
Total assets	$7,630,154	$2,991,049	($840,746)	$9,780,457
Current liabilities				
Current maturities of morgages payable	132,810	6,624	-	139,434
Current maturities of notes payable - related party	-	11,580	(11,580)	
Accounts payable	99,409	7,607	-	107,016
Accrued expenses:				
Payroll	280,075	-	-	280,075
Payroll taxes and withholding	21,101	-	-	21,101
Vacation pay	241,968	-	-	241,968
Retirement	13,642	-	-	13,642
Interest	1,382	1,474	-	2,856
Other	52,654	1,002	-	53,656
Damage deposits	9,062	11,426	-	20,488
Total current liabilities	852,103	39,713	(11,580)	880,236
Long-term liabilities (net of current portion shown above)				
Mortgages payable (net of finance costs and current portion)	962,123	244,592	-	1,206,715
Notes payable - related party (net of current portion)	-	114,376	(114,376)	-
Deferred loans	2,762,461	987,000	-	3,749,461
Due to related party	-	714,790	(714,790)	-
Deferred compensation liability	6,789	-	-	6,789
Unemployment trust liability	313,948	-	-	313,948
Total long-term liabilities	4,045,321	2,060,758	(829,166)	5,276,913
Total liabilities	4,897,424	2,100,471	(840,746)	6,157,149
Net assets without donor restrictions	2,732,730	890,578	-	3,623,308
Total liabilities and net assets	$7,630,154	$2,991,049	($840,746)	$9,780,457

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

COMMUNITY INVOLVEMENT PROGRAMS
CONSOLIDATING STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2017

Schedule 2

	Community Involvement Programs			Housing Entities				Consolidating Total		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	Without Donor Restrictions	With Donor Restrictions	Total
Revenue										
Program revenue	$22,208,809	$ -	$22,208,809	$344,032	$ -	$344,032	($57,396)	$22,495,445	$ -	$22,495,445
Grants and donations	56,604	-	56,604	-	-	-		56,604	-	56,604
Fundraising event (net of expense)	7,761	-	7,761	-	-	-		7,761	-	7,761
Management fee income	86,988	-	86,988	-	-	-	(86,988)	-	-	-
Interest income	1,616	-	1,616	32	-	32		1,648	-	1,648
Other income	73,118	-	73,118	2,851	-	2,851		75,969	-	75,969
Total revenue	22,434,896	0	22,434,896	346,915	0	346,915	(144,384)	22,637,427	0	22,637,427
Net assets released from other restrictions	10,000	(10,000)	-	-	-	-		10,000	(10,000)	-
Net revenue	22,444,896	(10,000)	22,434,896	346,915	-	346,915	(144,384)	22,647,427	(10,000)	22,637,427
Expenses										
Program services	22,265,312	-	22,265,312	412,393	-	412,393	(119,634)	22,558,071	-	22,558,071
Management and general	76,951	-	76,951	58,445	-	58,445	(24,750)	110,646	-	110,646
Fundraising	160,517	-	160,517	-	-	-	-	160,517	-	160,517
Total expenses	22,502,780	0	22,502,780	470,838	0	470,838	(144,384)	22,829,234	0	22,829,234
Change in net assets from operations	(57,884)	(10,000)	(67,884)	(123,923)	-	(123,923)	-	(181,807)	(10,000)	(191,807)
Other income (expense)										
Gain on disposal of property and equipment	721,784	-	721,784	-	-	-	-	721,784	-	721,784
Unrealized gain (loss) on investments	-	-	-	4,183	-	4,183	-	4,183	-	4,183
Total other income	721,784	0	721,784	4,183	0	4,183	0	725,967	0	725,967
Changes in net assets	663,900	(10,000)	653,900	(119,740)	-	(119,740)	-	544,160	(10,000)	534,160
Net assets - January 1, as restated (note 16)	2,068,830	10,000	2,078,830	1,010,318	-	1,010,318		3,079,148	10,000	3,089,148
Net assets, end of year	$2,732,730	$0	$2,732,730	$890,578	$0	$890,578	$0	$3,623,308	$0	$3,623,308

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

- This page intentionally left blank -

	Community Involvement Programs					
	Personal Support	Residential Services	Case Management	Family Services	Employment Services	Community Services
Revenue						
Program revenue	$7,339,674	$4,134,930	$3,176,725	$2,736,202	$2,018,486	$1,371,587
Grants and donations	-	-	-	-	814	-
Fundraising event (net of expense)	-	-	-	-	-	-
Management fee income	-	-	-	-	-	-
Interest income	-	-	-	1,030	-	-
Other income	-	10,258	370	38	10,302	62
Total revenue	7,339,674	4,145,188	3,177,095	2,737,270	2,029,602	1,371,649
Operating expenses						
Salaries	5,189,683	2,490,191	1,535,726	1,959,473	953,544	850,373
Payroll taxes	479,371	229,402	133,479	207,434	84,613	74,189
Employee benefits	36,325	316,735	470,957	44,832	188,202	166,416
Total personnel	5,705,379	3,036,328	2,140,162	2,211,739	1,226,359	1,090,978
Supplies	6,139	182,525	26,364	43,193	17,255	11,768
Occupancy	46,534	293,869	174,439	70,281	169,966	109,712
Maintenance allocation	456	43,156	8,496	1,664	15,564	5,868
Equipment	2,202	11,933	15,881	9,198	9,324	1,517
Professional services	42,892	54,883	5,150	492,887	5,508	1,478
Transportation	57,007	119,463	36,732	32,963	295,731	85,045
Staff development	27,885	23,542	26,627	19,068	36,518	6,317
Bad debt expense (recovery)	19,108	18,688	66,002	68,685	(4,140)	4,073
Other expense	3,308	38,558	6,005	8,008	15,361	6,959
Depreciation expense	10,024	108,382	7,818	24,059	18,694	4,337
Total expense before administrative allocations	5,920,934	3,931,327	2,513,676	2,981,745	1,806,140	1,328,052
Administrative expense allocation	707,972	494,772	312,159	46,080	260,441	178,539
Total operating expenses	6,628,906	4,426,099	2,825,835	3,027,825	2,066,581	1,506,591
Changes in net assets from operations	710,768	(280,911)	351,260	(290,555)	(36,979)	(134,942)
Gain on disposal of property and equipment	-	692,944	-	-	5,792	-
Unrealized gain (loss) on investments	-	-	-	-	-	-
Changes in net assets	$710,768	$412,033	$351,260	($290,555)	($31,187)	($134,942)

COMMUNITY INVOLVEMENT PROGRAMS
CONSOLIDATING SCHEDULE OF CHANGES IN NET ASSETS BY PROGRAM
For The Year Ended December 31, 2017

	Community Involvement Programs					
	Home Health	Housing	Total Program Services	Administrative	Fundraising	Total
Support and revenue						
Program revenue	$1,064,327	$366,878	$22,208,809	$ -	$ -	$22,208,809
Grants and donations	-	-	814	-	55,790	56,604
Fundraising event (net of expense)	-	-	-	685	7,076	7,761
Management fee income	-	62,238	62,238	24,750	-	86,988
Interest income	130	4	1,164	452	-	1,616
Other income	200	20,016	41,246	31,844	28	73,118
Total support and revenue	1,064,657	449,136	22,314,271	57,731	62,894	22,434,896
Operating expenses						
Salaries	646,123	255,166	13,880,279	962,962	82,336	14,925,577
Payroll taxes	54,599	22,691	1,285,778	83,507	7,442	1,376,727
Employee benefits	123,739	50,604	1,397,810	267,701	16,184	1,681,695
Total personnel	824,461	328,461	16,563,867	1,314,170	105,962	17,983,999
Supplies	8,621	4,183	300,048	55,140	2,570	357,758
Occupancy	33,115	191,225	1,089,141	193,141	9,841	1,292,123
Maintenance allocation	2,100	(106,063)	(28,759)	28,183	576	-
Equipment	3,564	3,934	57,553	34,594	106	92,253
Professional services	6,365	21,012	630,175	434,708	18,171	1,083,054
Transportation	30,913	51,821	709,675	12,154	580	722,409
Staff development	7,453	7,460	154,870	120,920	3,621	279,411
Bad debt expense (recovery)	11,168	15,696	199,280	-	-	199,280
Other expense	7,349	13,406	98,954	39,004	4,858	142,816
Depreciation expense	640	132,120	306,074	43,603	-	349,677
Total expense before administrative allocations	935,749	663,255	20,080,878	2,275,617	146,285	22,502,780
Administrative expense allocation	114,963	69,508	2,184,434	(2,198,666)	14,232	-
Total operating expenses	1,050,712	732,763	22,265,312	76,951	160,517	22,502,780
Changes in net assets from operations	13,945	(283,627)	48,959	(19,220)	(97,623)	(67,884)
Gain on disposal of property and equipment	-	-	698,736	23,048	-	721,784
Unrealized gain (loss) on investments	-	-	-	-	-	-
Changes in net assets	$13,945	($283,627)	$747,695	$3,828	($97,623)	$653,900

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

Housing Entities			Eliminations			Consolidating Total			
Housing	Administrative	Total	Program Services	Administrative	Total	Program Services	Administrative	Fundraising	Total
$344,032	$ -	$344,032	($57,396)	$ -	($57,396)	$22,495,445	$ -	$ -	$22,495,445
-	-	-	-	-	-	814	-	55,790	56,604
-	-	-	-	-	-	-	685	7,076	7,761
-	-	-	(62,238)	(24,750)	(86,988)	-	-	-	-
32	-	32	-	-	-	1,196	452	-	1,648
2,851	-	2,851	-	-	-	44,097	31,844	28	75,969
346,915	0	346,915	(119,634)	(24,750)	(144,384)	22,541,552	32,981	62,894	22,637,427
								-	
-	-	-	-	-	-	13,880,279	962,962	82,336	14,925,577
-	-	-	-	-	-	1,285,778	83,507	7,442	1,376,727
-	-	-	-	-	-	1,397,810	267,701	16,184	1,681,695
0	0	0	0	0	0	16,563,867	1,314,170	105,962	17,983,999
431	-	431	-	-	-	300,479	55,140	2,570	358,189
143,208	-	143,208	(57,396)	-	(57,396)	1,174,953	193,141	9,841	1,377,935
62,238	-	62,238	(62,238)	-	(62,238)	(28,759)	28,183	576	-
5,273	-	5,273	-	-	-	62,826	34,594	106	97,526
24,132	33,525	57,657	-	-	-	654,307	468,233	18,171	1,140,711
-	-	-	-	-	-	709,675	12,154	580	722,409
-	-	-	-	-	-	154,870	120,920	3,621	279,411
17,469	-	17,469	-	-	-	216,749	-	-	216,749
34,727	170	34,897	-	-	-	133,681	39,174	4,858	177,713
124,915	-	124,915	-	-	-	430,989	43,603	-	474,592
412,393	33,695	446,088	(119,634)	0	(119,634)	20,373,637	2,309,312	146,285	22,829,234
-	24,750	24,750		(24,750)	(24,750)	2,184,434	(2,198,666)	14,232	-
412,393	58,445	470,838	(119,634)	(24,750)	(144,384)	22,558,071	110,646	160,517	22,829,234
(65,478)	(58,445)	(123,923)	-	-	-	(16,519)	(77,665)	(97,623)	(191,807)
-	-	-	-	-	-	698,736	23,048	-	721,784
4,183	-	4,183	-	-	-	4,183	-	-	4,183
($61,295)	($58,445)	($119,740)	$0	$0	$0	$686,400	($54,617)	($97,623)	$534,160

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

- This page intentionally left blank -

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

To the Board of Directors
Community Involvement Programs
St. Paul, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Community Involvement Programs (a not-for-profit organization), which comprise the consolidated statement of financial position as of December 31, 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 16, 2018.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's consolidated 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 this limitation, 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 Programs' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Redpath and Company, Ltd.

REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

April 16, 2018

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

To the Board of Directors
Community Involvement Programs
Minneapolis, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Community Involvement Programs' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Community Involvement Programs' major federal programs for the year ended December 31, 2017. Community Involvement Programs' 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Community Involvement Programs' 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Community Involvement Programs' compliance.

4810 White Bear Parkway, St. Paul, MN, 55110 651.426.7000 www.redpathcpas.com

Opinion on Each Major Federal Program

In our opinion, Community Involvement Programs complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

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 Programs' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Community Involvement Programs' internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Redpath and Company, Ltd.
REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

April 16, 2018

COMMUNITY INVOLVEMENT PROGRAMS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2017

Federal Funding Source/ Pass Through Agency/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Received directly from federal sources:			
Supportive Housing for Persons with Disabilities (Section 811)	14.181	n/a - direct	$381,900
Section 8 Housing Assistance Payments Program (Section 8 Project-Based Cluster)	14.195	n/a - direct	46,145
Passed through Hennepin County, Minnesota			
Home Investment Partnership Program	14.239	none noted	2,045,429
Total Federal Awards			$2,473,474

Notes to Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation
The accompanying schedule of expenditures of federal awards includes the federal grant activity of Community Involvement Programs and related organizations excluding Home Share, HUD Project No. 092-HD017, as a separate Uniform Guidance audit was performed for this organization. The information in this schedule is presented on the accrual basis of accounting and in accordance with the requirements of the Uniform Guidance in 2 CFR 200, Audits of States, Local Governments and Nonprofit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements.

Note 2 - Loan or loan guarantee programs
The outstanding balance on the loans under the Home Investment Partnership Program was $2,035,743 as of December 31, 2017. The total federal expenditures shown in the above schedule represents the full amount of the loan balance as of January 1, 2017. No new loans were made under this program during 2017

The full amount and unamortized outstanding balance on the loan guarantee program for the capital advance loan received under the Supportive Housing for Persons with Disabilities (Section 811) Program was $381,900 as of December 31, 2017. The total federal expenditures shown in the above schedule represents the full amount of the capital advance loan balance as of January 1, 2017. No new loans were made under this program during 2017, and there were no interest subsidies, cash, or administrative cost allowances made under this program in 2017.

Note 3 - Indirect Cost Rate
Community Involvement Programs did not elect to use the 10% de minimis cost rate for indirect (F&A) costs.

Note 4 - Subrecipients
Community Involvement Programs did not pass any federal funds to subrecipients during fiscal year 2017.

COMMUNITY INVOLVEMENT PROGRAMS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended December 31, 2017

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

A.	Type of auditors' report issued:	Unmodified			
B.	Internal control over financial reporting:				
	• Material weakness(es) identified?	____	Yes	X	No
	• Significant deficiencies identified that are not considered to be material weaknesses?	____	Yes	X	No
C.	Noncompliance material to financial statements noted?	____	Yes	X	No

Federal Awards

D.	Internal control over major programs:				
	• Material weakness(es) identified?	____	Yes	X	No
	• Significant deficiencies identified that are not considered to be material weaknesses?	____	Yes	X	No
E.	Type of auditors' report issued on compliance for major programs:	Unmodified			
F.	Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	____	Yes	X	No
G.	Identification of major programs:				
	Name of Federal Program or Cluster	CFDA Number			
	Home Investment Partnership Program	14.239			
H.	Dollar threshold used to distinguish between Type A and Type B programs:	$750,000			
I.	Auditee qualified as a low-risk auditee	____	Yes	X	No

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

SECTION IV - PRIOR YEAR FINDINGS

No findings were noted in the prior year.