

NEIGHBORHOOD INVOLVEMENT PROGRAM, INC.

MINNEAPOLIS, MINNESOTA

JULY 15, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Neighborhood Involvement Program, Inc.

We have audited the accompanying financial statements of Neighborhood Involvement Program, Inc. (a nonprofit organization), which comprise the statement of financial position – liquidation basis as of July 14, 2015, and the related statement of activities – liquidation basis and functional expenses – liquidation basis for the period of January 1, 2015, to July 14, 2015, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position - liquidation basis of Neighborhood Involvement Program, Inc. as of July 14, 2015, and the changes in its net assets in liquidation for the period of January 1, 2015, to July 14, 2015, in accordance with accounting principles generally accepted in the United States of America.

Basis of Accounting

As described in Note 7 to the financial statements, the Board of Directors approved a plan of liquidation, and the Organization began liquidation shortly thereafter and dissolved July 14, 2015. As a result, the Organization changed its basis of accounting for periods after December 31, 2014, from the going concern basis to the liquidation basis. Our opinion is not modified with respect to this matter.

Respectfully submitted,

Lewis, Kisch & Associates, Ltd.

July 15, 2015



Neighborhood Involvement Program, Inc.

STATEMENT OF FINANCIAL POSITION - LIQUIDATION BASIS

JULY 14, 2015

<u>ASSETS</u>	
<u>Current Assets</u>	
Cash	\$-0-
Total Assets	<u>-0-</u>
<u>NET ASSETS</u>	
Unrestricted	-0-
Total Liabilities and Net Assets	<u>-0-</u>

See accompanying notes to financial statements.

STATEMENT OF ACTIVITIES - LIQUIDATION BASIS

FOR THE PERIOD OF JANUARY 1, 2015 TO JULY 14, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Public Support and Revenue</u>			
Public Support:			
Individuals and Religious	\$ 7,158		\$ 7,158
Governmental Agencies	28,528		28,528
United Way	35,000		35,000
Restricted Net Assets Returned to Funders		\$ (46,340)	(46,340)
Net Assets Released From Restrictions	61,307	(61,307)	
Total Public Support	<u>131,993</u>	<u>(107,647)</u>	<u>24,346</u>
Revenue:			
Program Service Fees	13,448		13,448
Special Events	500		500
Miscellaneous	19,268		19,268
Gain on Sale of Building	481,676		481,676
Contributed Services and Supplies	55,208		55,208
Total Revenue	<u>570,100</u>		<u>570,100</u>
Total Public Support and Revenue	<u>702,093</u>	<u>(107,647)</u>	<u>594,446</u>
<u>Expenses</u>			
Program Services:			
Health Clinic	281,882		281,882
Rape and Sexual Abuse Center	427,887		427,887
Counseling	130,994		130,994
NIP Therapy	13,538		13,538
Seniors	208,498		208,498
Youth	48,607		48,607
Total Program Services	<u>1,111,406</u>		<u>1,111,406</u>
Supporting Services			
General and Administrative	181,261		181,261
Fundraising	55,875		55,875
Total Supporting Services	<u>237,136</u>		<u>237,136</u>
Total Expenses	<u>1,348,542</u>		<u>1,348,542</u>
Change in Net Assets	<u>(646,449)</u>	<u>(107,647)</u>	<u>(754,096)</u>
Net Assets - Beginning of Year	646,449	107,647	754,096
Net Assets - End of Year	<u><u>-0-</u></u>	<u><u>-0-</u></u>	<u><u>-0-</u></u>

See accompanying notes to financial statements.

Neighborhood Involvement Program, Inc.

STATEMENT OF FUNCTIONAL EXPENSES - LIQUIDATION BASIS

FOR THE PERIOD OF JANUARY 1, 2015 TO JULY 14, 2015

	Program Services						Supporting Services			Total Expenses	
	Health Clinic	Rape & Sexual Abuse	Counseling	NIP Therapy	Seniors	Youth	Total Program Services	General and Admin	Fund Raising		Total Supporting Services
Salaries	\$ 129,352	\$ 61,306	\$ 49,925	\$ 6,777	\$ 35,003	\$ 33,347	\$ 315,710	\$ 35,970	\$ 16,552	\$ 52,522	\$ 368,232
Payroll Taxes & Benefits	22,809	9,104	7,584	873	3,495	3,018	46,883	6,540	1,248	7,788	54,671
Contract & Temporary Services	39,157	44,606	32,768	4,535	92,038	9,332	222,436	1,363	34,257	35,620	258,056
Liability Insurance	6,000						6,000	4,822		4,822	10,822
Local Travel	651						651	453		453	1,104
Education & Subscriptions	624	210	210				1,044	620		620	1,664
Dues	120						120	157		157	277
Occupancy	7,008	7,538	5,250	926	5,275	1,773	27,770	16,753	2,774	19,527	47,297
Equipment Repair & Maintenance	917	479	479			160	2,035	29	22	51	2,086
Telephone	964	1,551	1,265		1,029	308	5,117	720	427	1,147	6,264
Office Supplies	477	464	428	56	315	93	1,833	1,952	74	2,026	3,859
Postage	535	304	114	25	245	64	1,287	879	139	1,018	2,305
Printing	258	339	140	46	171	238	1,192	481	67	548	1,740
Program Expense	48						48				48
Specific Assistance					117		117				117
Donated Professional Services	2,250						2,250	45,758		45,758	48,008
Donated Supplies	2,709	1,660	2,275	226	30		6,900	300		300	7,200
Miscellaneous	47	35					82	1,089		1,089	1,171
Loss on Embezzlement								12,970		12,970	12,970
Transfers to Other Organizations		50,000			70,000		150,000				150,000
Transfer to Others for Escrow		249,578					249,578	50,000		50,000	299,578
Total Expenses Before Depreciation and Loss	213,926	427,174	130,438	13,464	207,718	48,333	1,041,053	180,856	55,560	236,416	1,277,469
Depreciation	1,183	713	556	74	780	274	3,580	405	315	720	4,300
Loss on Equipment Disposal	66,773						66,773				66,773
Total Expenses	281,882	427,887	130,994	13,538	208,498	48,607	1,111,406	181,261	55,875	237,136	1,348,542

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

JULY 14, 2015

1. Nature of the Organization

Neighborhood Involvement Program, Inc. (N.I.P.) has a longstanding reputation for innovation, integrity, and community collaboration that has been developed over an organizational history spanning more than 40 years. The Organization was founded in the mid-1960s by an interdenominational group of faith communities located just southwest of downtown Minneapolis. Incorporated in 1968, N.I.P. initially offered volunteer-based programs for youth and single parent families. In 1972, the Organization expanded its services to establish a health care clinic (formerly known as the Uptown Community Clinic or UCC) and a pioneering rape and sexual assault center (RSAC). As part of N.I.P.'s ongoing efforts to respond to community needs, N.I.P. relocated its Youth Program staff as well as some Senior Program staff, to offices housed in the Greater Minneapolis Council of Churches' Center for Families, in North Minneapolis.

N.I.P. operated as a multi-service organization where employees and hundreds of volunteers provided health care and mental health and social services to metro-area residents. N.I.P.'s programs provided a vital safety net to new immigrants, people temporarily without health insurance, those working to manage mental health issues, seniors struggling to remain independent, those recovering from the trauma of sexual violence and youth and their families living in poverty.

N.I.P. strengthened individuals through the following programs and goals:

Community Clinic – provided personalized and affordable medical and dental care for uninsured and underinsured individuals and families.

N.I.P. Community Clinic was a primary care medical and dental care clinic located in South Minneapolis. The mission of the clinic was to provide quality, low cost medical and dental services to the community's low income, uninsured and underinsured persons. The clinic had served this population for more than 40 years and was unique among primary care clinics in that it served only the uninsured and underinsured. Since its beginning in 1972, the clinic had been staffed by a small group of paid medical and dental personnel and a large volunteer force. As a result, medical and dental services were affordable and accessible to many who might otherwise have difficulty accessing care.

The Clinic's target population was low income persons who fell between the cracks because of ineligibility for government programs and inability to afford the cost of private office visits.

Counseling Center – offered low cost mental health care, including individual, couples, family and group counseling, to help those with mental health concerns related to issues such as depression, grief, family problems and relationships.

Rape & Sexual Abuse Center – offered 24-hour emergency counseling, therapy and legal advocacy for survivors of sexual assault and abuse, as well as community education/outreach primarily to children and adolescents.

Youth Programs – provided educational enrichment opportunities for low-income, school-aged youth during non-school hours. The programs complemented the formal learning that occurred during school hours.

Seniors Programs – provided chore assistance services to elderly homeowners trying to maintain their independence and social outlets for isolated seniors.

2. Summary of Significant Accounting Policies

Basis of Presentation – The financial statements are prepared using the liquidation basis of accounting. Net assets of the Organization and related changes are classified and reported as follows:

Unrestricted Net Assets – Net assets which are neither permanently nor temporarily restricted by donor-imposed stipulations.

Temporarily Restricted Net Assets – Those resources subject to donor imposed restrictions that will be satisfied by actions of the Organization or passage of time. When a temporary restriction is satisfied or expires, temporarily restricted net assets are reclassified to unrestricted net assets.

NOTES TO FINANCIAL STATEMENTS

JULY 14, 2015

Permanently Restricted Net Assets – Those assets subject to donor imposed stipulations that they be maintained permanently by the Organization, that neither expire by passage of time nor can be fulfilled or otherwise removed by the action of the Organization.

The Organization did not have any temporarily or permanently restricted net assets as of July 14, 2015.

Property and Equipment – Property and equipment was recorded at cost. Items under \$2,500 were expensed. Depreciation was provided using the straight-line method over the following estimated useful lives.

Buildings	20 Years
Buildings and Improvements	20 Years
Furnishings and Equipment	7 – 20 Years

Functional Allocation of Expenses – The costs of providing various programs have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Contributed Services and Supplies (In-Kind Contributions) – Many individuals have donated time and services to advance the Organization's programs and objectives. The services recorded in the financial statements would be purchased if they had not been provided by contribution, required specialized skills, and were provided by professionals possessing those skills. The professional services are recorded in the financial statements at their fair market value.

Contributions – Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions.

Use of Estimates – The preparation of the financial statements in conformity with generally accepted accounting principles – liquidation basis 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 financial statements. Estimates also affect the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Subsequent Events – Subsequent events have been evaluated through July 14, 2015, which is the date the financial statements were available to be issued.

3. Property and Equipment

The building, land and related improvements were sold January 30, 2015 at a sale price of \$1,250,000. The remaining equipment was donated to other organizations and/or disposed.

4. Income Taxes

The Organization was exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statutes. It had been classified as an Organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors were tax deductible.

5. Lease

The Organization entered into a lease agreement to rent a portion of the building as operations close. The terms of the lease were \$3,500 per month for up to one year with an early termination notice period of four months. The Organization gave notice and the lease will end on July 31, 2015.

6. Concentrations

The Organization maintained its cash in bank deposit accounts which, at times, exceed the federally insured limit.

NOTES TO FINANCIAL STATEMENTS

JULY 14, 2015

7. Dissolution

The Organization's Board of Directors passed a resolution on February 18, 2015 to dissolve the Organization. With the Affordable Care Act, changes to the healthcare industry would have required a multitude of changes in how the Organization was conducting all healthcare services. The other programs are being transitioned into other nonprofit organizations. The Organization formally dissolved on July 14, 2015.

Another organization has agreed to be the fiduciary for the Organization and hold the remaining funds of the Organization in escrow until December 31, 2016. Future refunds and expenses, including the facilitation of unemployment for 2015 and 2016, will be tracked in the escrow account. The fiduciary organization will also distribute W-2s on behalf of the Organization and will facilitate final distributions of the remaining funds to agreed-upon nonprofit organizations. Under the dissolution, proper notice has been given to all vendors under the Attorney General's Office and fiduciary disbursement requirements accordingly. All health care client and business records are maintained by a records management company. Clients can access the information through the management company for the time outlined in the records retention policy. The Organization's website will be maintained until 2016.

The Board of Directors have continued to meet on a monthly basis to continue their duties.

At January 1, 2015, funds remained in temporarily restricted net assets. Funders of temporarily restricted net assets were contacted and notified of the Organization's dissolution. Funders requested one of the following actions be taken with the funds provided to the Organization: (1) transfer amounts held in temporarily restricted net assets to other nonprofit organizations with similar program missions, (2) release the assets from restriction, or (3) return of the funds to the applicable funder.