

**PHELPS COUNTY COMMUNITY
PARTNERSHIP
AUDITED FINANCIAL STATEMENTS AS OF
JUNE 30, 2007**

**KEAN & COMPANY, LLC
704 WEST 2ND STREET
ROLLA, MISSOURI 65402**

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-8



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Phelps County Community Partnership

We have audited the accompanying statement of financial position of Phelps County Community Partnership (a nonprofit organization) as of June 30, 2007, and the related statements of activities and cash flows for the year 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 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 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 audit provides 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 Phelps County Community Partnership as of June 30, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The budgeted information in the Statement of Activities is presented for purposes of additional analysis and is not a required statement. This information has not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Kean & Company

Kean & Company, LLC

Rolla, Missouri
November 7, 2007

**PHELPS COUNTY COMMUNITY PARTNERSHIP
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2007**

ASSETS

Cash	\$ 490,454
Accounts Receivable	102
Notes Receivable-Newburg Community Revitalization Program Group	<u>18,117</u>
Total Assets	<u><u>508,673</u></u>

LIABILITIES AND NET ASSETS

Accounts Payable	\$ 109,399
Payroll Liabilities	7,118
Deferred Grant Revenue (see Note H)	170,341
Payable - Foster Adoption Fund	2,396
Accrued Vacation Payable	<u>18,699</u>
Total Current Liabilities	307,953
Net Assets	<u>200,720</u>
Total Liabilities and Net Assets	<u><u>\$ 508,673</u></u>

See accompanying notes to financial statements.

**PHELPS COUNTY COMMUNITY PARTNERSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>ACTUAL AMOUNTS</u>	<u>BUDGET</u>	<u>VARIANCE</u>
Support and Revenues (Increase in Net Assets)			
Capable Kids and Families Program	\$ 87,035	\$ 85,405	1,630
Caring Communities	148,864	141,575	7,289
Children's Trust Fund	31,875	31,875	-
Educare	101,301	100,797	504
Early Care and Education	175,229	169,560	5,669
Missouri Mentoring Partnership	191,500	183,000	8,500
MFH-Fit Phelps	156,113	148,169	7,944
SB 40-Phelps County	26,179	33,135	(6,956)
MFH-Miles for Smiles-Mobile Dental Care Unit	292,426	317,092	(24,666)
Independent Living	23,873	22,873	1,000
Partnership Resale Shop	112,393	96,188	16,205
Partnership Donations	83,331	100,000	(16,669)
Partnership Administrative Fees	76,909	76,394	515
Total Support and Revenues (Increase in Net Assets)	<u>1,507,028</u>	<u>1,506,063</u>	<u>965</u>
 Expenses (Decrease in Net Assets)			
<u>Grant Programs:</u>			
Capable Kids and Families Program	91,488	85,405	(6,083)
Caring Communities	144,242	141,575	(2,667)
Children's Trust Fund	31,875	31,875	-
Educare	100,797	100,797	-
Early Care and Education	171,206	169,560	(1,646)
Missouri Mentoring Partnership	188,418	183,000	(5,418)
MFH-Fit Phelps	155,313	148,169	(7,144)
SB 40-Phelps County	26,179	33,135	6,956
MFH-Miles for Smiles-Mobile Dental Care Unit	292,426	317,092	24,666
Independent Living	22,905	22,873	(32)
<u>Partnership Programs:</u>			
Partnership Resale Shop	91,903	84,382	(7,521)
Partnership Expenses	155,378	162,084	6,706
Total Expenses (Decrease in Net Assets)	<u>1,472,130</u>	<u>1,479,947</u>	<u>7,817</u>
 Change in Net Assets	<u>\$ 34,898</u>		
Unrestricted Net Assets-Beginning of Year	435,535		
Prior Year Adjustment (See Note I)	<u>\$ (269,713)</u>		
Total Net Assets-End of Year	<u>\$ 200,720</u>		

See accompanying notes to financial statements.

**PHELPS COUNTY COMMUNITY PARTNERSHIP
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2007**

Expenses	<u>Actual Amounts</u>	<u>Annual Budget</u>	<u>Variance</u>
Personnel	\$ 719,637	\$ 934,133	\$ (214,496)
Contracted Services	211,879	12,570	199,309
Telephone	9,692	9,728	(36)
Postage	5,747	5,997	(250)
Office Rent/Utilities	56,954	56,477	477
Supplies/Copies	21,559	18,740	2,819
Travel (Program Related)	23,279	35,509	(12,230)
Office Equipment and Technology	4,492	500	3,992
Technology	28,985	18,473	10,512
Professional Development	24,263	29,848	(5,585)
Audit	3,700	4,200	(500)
Insurance/Bonding	12,186	9,948	2,238
Public Relations/Comm Education	31,139	31,743	(604)
Board/Group Expenses	1,248	1,300	(52)
Fees/Finance Charges	2,444	2,650	(206)
Early Childhood Evaluations	1,724	1,700	24
Provider Ed/Training/Support	24,418	22,693	1,725
Missouri Preschool Expenses	615	-	615
Capacity Building Incentives	18,567	16,046	2,521
Provider Training/Services	12,618	11,417	1,201
Administrative Fees	76,388	76,117	271
Family Support	41,679	37,982	3,697
Community Neighborhood Dev.	138,623	142,176	(3,553)
Miscellaneous Expense	294	-	294
Total Expenses	<u>\$ 1,472,130</u>	<u>\$ 1,479,947</u>	<u>\$ (7,817)</u>

See accompanying notes to financial statements.

**PHELPS COUNTY COMMUNITY PARTNERSHIP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007**

Operating Activities

Change in net assets	\$	34,898
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Decrease in accounts/notes receivable		280
Decrease in accounts payable		(2,744)
Increase in payroll liabilities		1,073
Increase in accrued vacation payable		5,363
Increase in other payable		2,396
Decrease in deferred revenue		(99,389)
Net cash provided by operating activities		(58,123)
Cash on hand at beginning of the year		548,577
Cash as of the end of the year	\$	490,454

See accompanying notes to financial statements.

**PHELPS COUNTY COMMUNITY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The Phelps County Community Partnership collaborates with community members, businesses, and groups to provide programming and local initiatives that develop healthy, productive children, families, and communities. Among the programs provided by The Community Partnership in fiscal year 2007: parental-skills training, support, and mentoring for young parents; lending rehabilitative equipment and providing support services for families with children with special needs; worksite-skills education and mentoring for young people entering the workforce; programming, licensing, and accreditation training and support for childcare providers; community fitness and nutrition initiatives; and a mobile two-chair dental van providing regional school-based dental care. New services for fiscal year 2008 include programs that provide life-skills training to foster youth transitioning to independence and that assist families on temporary assistance return to economic self-sufficiency and local initiatives that support healthy children, families, and communities.

Public Support and Revenue

Grants and other contribution of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulation time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets.

Furniture and Equipment

Furniture and equipment purchased by Phelps County Community Partnership are used to meet grant requirements. The State of Missouri owns the assets purchased using state dollars and if Phelps County Community Partnership should dissolve, these assets would be returned to the state. Accordingly, this furniture and equipment is expensed when purchased.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the use of management's estimates. Accordingly, actual results could differ from those estimates.

Income Tax Status

The Partnership is exempt under Section 501c(3) of the Internal Revenue Code. As such, it is not subject to any Federal or State income taxes.

**PHELPS COUNTY COMMUNITY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investment available for current use with an initial maturity of three months or less to be cash equivalents.

Basis of Accounting

The financial statements of the Partnership have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

NOTE B – GRANT CONTRACTS

Phelps County Community Partnership had a grant agreement covering the period from July 1, 2006 to June 30, 2007 with the Missouri Departments of Social Services. The purpose of this agreement is to implement through contracts and other means, school-based and school-linked programs to improve the lives of the children and families in the Phelps County area. In administering the provisions of this agreement, the Partnership agreed to work collaboratively with the state departments as the designated Community Partnership for the Phelps County area, for purposes of the State of Missouri Caring Communities.

The Missouri Department of Social Services has designated Caring Communities organizations as vendors and not sub-recipients. The grant agreement for Caring Communities states that it is not necessary for these organizations to have an OMB A-133 Single Audit since they are considered vendors.

In October, 2004, Phelps County Community Partnership received a grant from the Missouri Foundation for Health to establish a mobile dental unit to provide dental services for children. Funding for this grant continued in fiscal year 2007. During fiscal year 2007 Phelps County Community Partnership also received funding from Missouri Foundation for Health for the Fit Phelps award program. The purpose of these programs is to improve the health of the communities they serve.

For the calendar year 2007, Phelps County Community Partnership received grants from the Phelps County Board for the Developmentally Disabled to maintain facilities, provide services, and benefit citizens of Phelps County who are developmentally disabled.

NOTE C – FURNITURE AND EQUIPMENT

The furniture and equipment purchased by the Phelps County Community Partnership is as follows:

Purchases through June 30, 2006	\$168,826
Purchases from July 1, 2006 to June 30, 2007	10,861
Total Furniture and Equipment	\$179,687

**PHELPS COUNTY COMMUNITY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE D – EMPLOYEE BENEFIT PLAN

The Partnership has a SIMPLE Individual Retirement Account plan covering substantially all employees. Under the plan, the Partnership matches employee contributions up to 3% of gross wages. Plan expenses incurred by the Partnership during the year end June 30, 2007 were \$12,994.

NOTE E – LEASE AGREEMENT

The Partnership entered into a lease agreement on July 12, 2006, for the building they occupy. The lease extends until July 31, 2007, with payments of \$1,950 per month. The Partnership entered another lease agreement on February 16, 2006, for the thrift store building. The lease extends on a month to month basis until terminated, with payments of \$900 per month.

NOTE F – PARTNERSHIP ADMINISTRATIVE FEES

The Partnership charges each of its programs administrative fees for administering the grants. \$76,338 is included in Partnership income and the various grant program expenses for administering the grant programs.

NOTE G – NOTE RECEIVABLE – NEWBURG COMMUNITY REVITALIZATION PROGRAM GROUP

On April 7, 2004, the Partnership loaned \$25,000 to the Newburg Community Revitalization Program Group at an interest rate of 0%. During 2007, a payment of \$383 was received and the balance of the note was extended and was still receivable at June 30, 2007.

NOTE H – DEFERRED GRANT REVENUE

Deferred Grant Revenue includes unexpended grant funds restricted for the use to the specific program. The total is \$170,341 and consists of unearned grant revenue from the Dental Grant of \$92,228, Fit Phelps of \$57,392, and Phelps County Board for the Developmentally Disabled of \$20,721.

NOTE I – PRIOR PERIOD ADJUSTMENT

Unearned grant revenue of \$269,713 was received in the fiscal year ended June 30, 2006 that was accounted for as income in that fiscal year. A prior period adjustment of \$269,713 was made for the fiscal year ended June 30, 2006 to reduce income and record unearned grant revenue. This reduced the Increase in Net asset for fiscal 2006 from \$307,418 to \$37,705 and the End of year Net Assets from \$435,535 to \$165,822.



November 8, 2007

Phelps County Community Partnership
1101 Hauck Drive
Rolla, MO 65401

To the Board of Directors
and Management of Phelps County Community Partnership

In planning and performing our audit of the financial statements of Phelps County Community Partnership as of and for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered their internal control over financial reporting. After reviewing the Partnership's internal controls we have the following recommendations for the management of the organization:

- The Partnership resale shop has a PayPal account set up to receive money from e-bay online sales. The funds are then transferred into the Partnership checking account by a Resale shop employee. The PayPal transactions are not currently reviewed by the accounting department. We recommend that the Partnership accountant receive a transaction report from PayPal to review all PayPal receipts and disbursements and record those transactions in the Partnerships accounting program.
- At the Resale shop, when there are several customers in line, they will purchase their merchandise and it will not be entered into the cash register at the time of sale. The money collected will be set aside and entered into the cash register later. We recommend that every customer purchase be entered into the cash register at the time of sale so that all cash is accounted for at all times.
- Some of the grants that the Partnership receives have a different fiscal year than the partnership. Grant funds would be recorded as revenue whenever they were received and some of the funds would be expended in the following fiscal year. We recommend that the revenue be recorded in the same fiscal year in which the grant funds are expended to match the income with the expenses on the Partnership's accounting records.

This communication is intended solely for the information and use of management, the Board of Directors and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Kean & Company, LLC
Rolla, Missouri