

**THE COMMUNITY
PARTNERSHIP
AUDITED FINANCIAL STATEMENTS AS OF
JUNE 30, 2009**

**KEAN & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANT
PO Box 876, 704 WEST 2ND STREET
ROLLA, MISSOURI 65402**

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	<u>PAGE</u> 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	6-9

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of
The Community Partnership

We have audited the accompanying statement of financial position of The Community Partnership (a nonprofit organization) as of June 30, 2009, and the related statements of activities, functional expenses 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 The Community Partnership as of June 30, 2009, 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, LLC

Rolla, Missouri
September 30, 2009

**THE COMMUNITY PARTNERSHIP
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2009**

ASSETS

Cash	\$ 294,954
Accounts Receivable	516
Notes Receivable-Newburg Community Revitalization Program Group	<u>18,067</u>
Total Assets	<u><u>\$ 313,537</u></u>

LIABILITIES AND NET ASSETS

Accounts Payable	\$ 33,127
Accrued Vacation Payable	27,071
Payroll Liabilities	9,088
Deferred Grant Revenue	<u>37,106</u>
Total Current Liabilities	106,392
Net Assets	<u>207,145</u>
Total Liabilities and Net Assets	<u><u>\$ 313,537</u></u>

See accompanying notes to financial statements.

**THE COMMUNITY PARTNERSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>ACTUAL AMOUNTS</u>	<u>BUDGET</u>	<u>VARIANCE</u>
Support and Revenues (Increase in Net Assets)			
Capable Kids and Families Program, SAHP, CTF, SB40	\$ 146,502	\$ 159,529	(13,027)
Caring Communities	140,298	142,275	(1,977)
Community Work Support	169,275	169,484	(209)
Early Care & Education, Accreditation, Start-Up & Expansion, Educare	275,247	276,357	(1,110)
Independent Living	92,522	68,619	23,903
Missouri Mentoring Partnership	192,790	193,900	(1,110)
MFH-Fit Phelps	104,429	144,363	(39,934)
MFH-Basic Support	29,815	54,523	(24,708)
Partnership Resale Shop	130,405	126,000	4,405
Partnership Donations	84,757	88,400	(3,643)
Partnership Administrative Fees	57,234	57,234	-
Total Support and Revenues (Increase in Net Assets)	<u>\$ 1,423,274</u>	<u>\$ 1,480,684</u>	<u>(57,410)</u>
 Expenses (Decrease in Net Assets)			
Programs:			
Grant programs:			
Capable Kids and Families Program, SAHP, CTF, SB40	159,482	159,529	47
Caring Communities	141,683	142,275	592
Community Work Support	169,275	169,484	209
Early Care & Education, Accreditation, Start-Up & Expansion, Educare	272,665	276,357	3,692
Independent Living	91,454	68,619	(22,835)
Missouri Mentoring Partnership	196,808	193,900	(2,908)
MFH-Fit Phelps	109,497	144,363	34,866
MFH-Basic Support	29,813	54,523	24,710
Total Grant Programs	<u>1,170,677</u>	<u>1,209,050</u>	<u>38,373</u>
Partnership Programs:			
Partnership Resale Shop	109,186	111,556	2,370
Partnership Administrative Expenses	170,232	168,779	(1,453)
Total Expenses (Decrease in Net Assets)	<u>1,450,095</u>	<u>1,489,385</u>	<u>39,290</u>
 Change in Net Assets	 <u>\$ (26,821)</u>		
Unrestricted Net Assets-Beginning of Year	233,966		
 Total Net Assets-End of Year	 <u>\$ 207,145</u>		

See accompanying notes to financial statements.

**THE COMMUNITY PARTNERSHIP
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009**

Expenses	<u>Actual Amounts</u>	<u>Annual Budget</u>	<u>Variance</u>
Personnel	\$ 913,844	\$ 946,752	\$ 32,908
Contracted Services	8,660	14,000	\$ 5,340
Telephone	10,085	10,369	\$ 284
Postage	7,243	7,150	\$ (93)
Office Rent/Utilities	59,677	60,966	\$ 1,289
Supplies/Copies	16,975	19,261	\$ 2,286
Travel (Program Related)	24,049	26,875	\$ 2,826
Technology	15,501	13,472	\$ (2,029)
Professional Development	33,043	23,192	\$ (9,851)
Audit	3,600	3,600	\$ -
Insurance/Bonding	9,570	9,800	\$ 230
Public Relations/Comm Education	18,179	16,451	\$ (1,728)
Administrative Fees	57,234	57,234	\$ -
Board/Group Expenses	642	1,500	\$ 858
Fees/Finance Charges	2,991	2,772	\$ (219)
Early Childhood Evaluations	1,765	1,766	\$ 1
Family Support Training and Supplies	37,346	41,350	\$ 4,004
Family Court Expenses	22,727	-	\$ (22,727)
Accreditation & Reaccreditation training & supplies	22,232	17,849	\$ (4,383)
Start Up & Expansion Incentives	14,514	11,647	\$ (2,867)
Educare meetings and supplies expense	9,663	7,861	\$ (1,802)
Community Neighborhood Dev training, equipment & supplies	160,469	195,518	\$ 35,049
Miscellaneous Expense	86	-	\$ (86)
Total Expenses	<u>\$ 1,450,095</u>	<u>\$ 1,489,385</u>	<u>\$ 39,290</u>

See accompanying notes to financial statements.

**THE COMMUNITY PARTNERSHIP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009**

Operating Activities

Change in net assets	\$ (26,821)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Increase in accounts/notes receivable	(318)
Decrease in accounts payable	(40,825)
Increase in payroll liabilities	1,895
Increase in accrued vacation payable	1,434
Decrease in other payable	(564)
Decrease in deferred revenue	(72,081)
Net cash provided by operating activities	<u>(137,280)</u>
Cash on hand at beginning of the year	<u>432,234</u>
Cash as of the end of the year	<u><u>\$ 294,954</u></u>

See accompanying notes to financial statements.

**THE COMMUNITY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The 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 2009: 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 life-skills training to foster youth transitioning to independence.

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 The Community Partnership are used to meet grant requirements. The State of Missouri owns the assets purchased using state dollars and if The 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 Community 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.

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.

**THE COMMUNITY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Basis of Accounting

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

NOTE B – GRANT CONTRACTS

The Community Partnership had a grant agreement covering the period from July 1, 2008 to June 30, 2009 with the Missouri Department 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. The programs also include assistance to individuals leaving the foster care system, with transportation needs, and other barriers to employment. In administering the provisions of this agreement, the Partnership agreed to work collaboratively with the state departments as the designated 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.

During fiscal year 2007 The Community Partnership received a three year extension of funding from Missouri Foundation for Health for the Fit Phelps award program to improve the health of the communities they serve. A two year \$50,000 Basic Support grant was received from the Missouri Foundation for Health to support the other Partnership programs that promote health and safety needs.

In addition, The 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. A new grant from the independent organization Incarnate Word Foundation was received in fiscal 2009 to strengthen and expand the youth development and mentoring program.

NOTE C – FURNITURE AND EQUIPMENT

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

Purchases through June 30, 2008	\$179,687
Purchases from July 1, 2008 to June 30, 2009	0
Total Furniture and Equipment	\$179,687

**THE COMMUNITY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE D – EMPLOYEE BENEFIT PLAN

The Community Partnership has a SIMPLE Individual Retirement Account plan covering substantially all employees. Under the plan, the Organization matches employee contributions up to 3% of gross wages. Plan expenses incurred by the Organization during the year end June 30, 2009 were \$16,804.

NOTE E – LEASE AGREEMENT

The Community Partnership entered into a lease agreement on July 11, 2007, for the building they occupy. The lease extends until July 31, 2010, with payments of \$1,995 per month. The Community 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 \$1,100 per month.

NOTE F – PARTNERSHIP ADMINISTRATIVE FEES

The Community Partnership charges each of its programs administrative fees for administering the grants. \$57,234 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 Community Partnership loaned \$25,000 to the Newburg Community Revitalization Program Group at an interest rate of 0%. During 2008, a payment of \$50 was received. The balance of the note was extended and was still receivable at June 30, 2009 in the amount of \$18,067.50.

NOTE H – DEFERRED GRANT REVENUE

Deferred Grant Revenue includes unexpended grant funds restricted for the use to the specific program. The total is \$37,106 and consists of unearned grant revenue from the Basic Support Grant of \$19,710, Phelps Senate Bill 40 of \$13,853, Community Work Support of \$229, and Incarnate Word Fund of \$3,314.

NOTE I – CONTRIBUTED SERVICES

The Community Partnership receives a substantial amount of services donated by members of the community in carrying out the Organization's goals. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. The Organization receives more than 21,400 volunteer hours per year from approximately 1,650 volunteers.

**THE COMMUNITY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE J – FINANCIAL INSTRUMENTS

The Community Partnership had account balances at their bank that exceeded FDIC insurance limits by \$44,879 as of June 30, 2009. However, the bank has collateralized the Organization's excess balances with securities.



September 30, 2009

The 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, 2009, we considered the Organization's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and do not provide assurance on internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. (We previously reported on the Organization's internal control in our report dated November 8, 2007.) This letter does not affect our report dated November 8, 2007.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Organization personnel, and we will be pleased to discuss these comments in further detail at your convenience. Our comments are summarized as follows:

Cash Funds

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.

Donated Items

At the Resale shop, employees and volunteers have first choice to purchase donated items. The Organization needs a written policy for items purchased by employees and volunteers. The policy should include details on how much of a discount is allowed and monitoring procedures.

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

Kean & Company, LLC
Rolla, Missouri

Audit Response

October 21, 2009

The Management Letter provided by Kean & Company made two recommendations for better internal controls. The auditor reviewed the actions taken by the Fiscal Office regarding the handling of the control of cash register overage and shortage at the Resale Shop and procedures for items purchased by store employees and store volunteers.

The Partnership has taken the following actions to assure that the procedures used have proper controls in place.

Recommendation 1: A policy is in place for the staff and volunteers at the store that each sale will be entered as it happens.

Recommendation 2: A policy has been revised to exactly address purchases by employees and volunteers at the Resale Shop.

Register Procedures during Store Hours

- ✓ Volunteers who are not trained for the Register are NOT permitted behind the Register countertop.
- ✓ Employees or volunteers are not permitted to ring their own sales.
- ✓ Items purchased by an employee or a volunteer must be priced by another staff member (PCCP employee only)
- ✓ Refer to Resale Shop Pricing Policy for complete details on employee and volunteer purchases.

When ringing a transaction on the cash register:

- Once the customer has presented items for purchase, the associate is to record each item in the register by department. ***This MUST occur prior to accepting payment from the customer.*** The only exception to this rule is large items and merchandise on the porch which can't be transported to the register counter.
- When entering items into the register to record a sale, have two stacks of merchandise:
 - One that is not rung
 - One that is already rung
 - If possible, organize the merchandise by department to facilitate ringing and accuracy.
 - ***DO NOT*** calculate totals by department in your head – use the register for accuracy.
- When recording a credit card sale, both the register and credit card machine must be used. ***Ring the sale by department on the register first, then run the credit card machine second.***
- If there is a line of more than 3 customers, the cashier on is to call for assistance using the intercom.
- If you have an error in a transaction, please refer to the VOID procedure to be found in this Procedure Manual.

Partnership Resale Shop Pricing Policy for Employees *and Volunteers*

1. No employee or volunteer may price merchandise they purchase with cash or vouchers unless the purchased item is on a previously established price list. Examples of pre-established priced items are: used clothing by brand, new clothing or household items at 25% of lowest ticketed price, and household items of average quality such as sheets, towels, etc.
2. Price lists for clothing brands and average quality household items are established by the store manager with the assistance of store staff.
3. If a volunteer or an employee requests an item before it is priced for sale to the general public and it does not fall into the categories listed above in #1, then a price will be determined by the store manager or a staff associate.
4. Volunteers shall not price items for other volunteers or store employees
5. Household items, furniture, collectibles and clothing, are eligible for a store employee and volunteer discount as follows:
 - a. The discount does not apply to items with a floor price of \$5.00 or less.
 - b. An employee or volunteer will not receive a discount on a purchase of an item not available for sale to the general public for at least 24 hours.
 - c. The discount is for the personal benefit of a store employee, volunteer, or their immediate family members. The discount may not be used for the benefit of an employee's or volunteer's extended family or friends. The discount is for 50% off the floor price.