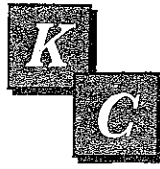


**THE COMMUNITY
PARTNERSHIP
AUDITED FINANCIAL STATEMENTS AS OF
JUNE 30, 2008**

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



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, 2008, 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, 2008, 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
November 5, 2008

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**THE COMMUNITY PARTNERSHIP
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2008**

ASSETS

Cash	\$ 432,234
Accounts Receivable	148
Notes Receivable-Newburg Community Revitalization Program Group	<u>18,117</u>
Total Assets	<u><u>\$ 450,499</u></u>

LIABILITIES AND NET ASSETS

Accounts Payable	\$ 74,516
Accrued Vacation Payable	25,637
Payroll Liabilities	7,192
Deferred Grant Revenue	<u>109,188</u>
Total Current Liabilities	216,533
Net Assets	<u>233,966</u>
Total Liabilities and Net Assets	<u><u>\$ 450,499</u></u>

See accompanying notes to financial statements.

**THE COMMUNITY PARTNERSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**

	<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	\$ 148,162	\$ 144,074	4,088
Caring Communities	149,156	145,558	3,598
Community Work Support	94,170	131,837	(37,667)
Early Care & Education, Accreditation, Start-Up & Expansion, Educare	282,897	278,014	4,883
Independent Living	81,424	69,619	11,805
Missouri Mentoring Partnership	191,700	186,250	5,450
MFH-Fit Phelps	117,516	136,977	(19,461)
MFH-Miles for Smiles-Mobile Dental Care Unit	149,496	77,183	72,313
MFH-Basic Support	45,477	50,000	(4,523)
Partnership Resale Shop	124,826	120,000	4,826
Partnership Donations	103,361	101,901	1,460
Partnership Administrative Fees	68,324	68,325	(1)
Total Support and Revenues (Increase in Net Assets)	<u>\$ 1,556,509</u>	<u>\$ 1,509,738</u>	<u>46,771</u>
 Expenses (Decrease in Net Assets)			
Programs:			
Grant programs:			
Capable Kids and Families Program, SAHP, CTF, SB40	143,386	141,964	(1,422)
Caring Communities	145,460	144,975	(485)
Community Work Support	94,170	131,837	37,667
Early Care & Education, Accreditation, Start-Up & Expansion, Educare	283,082	277,120	(5,962)
Independent Living	78,114	69,619	(8,495)
Missouri Mentoring Partnership	188,023	186,200	(1,823)
MFH-Fit Phelps	116,527	136,977	20,450
MFH-Miles for Smiles-Mobile Dental Care Unit	149,496	77,183	(72,313)
MFH-Basic Support	45,477	50,000	4,523
Total Grant Programs	<u>1,243,735</u>	<u>1,215,875</u>	<u>(27,860)</u>
Partnership Programs:			
Partnership Resale Shop	107,423	106,119	(1,304)
Partnership Administrative Expenses	172,105	176,859	4,754
Total Expenses (Decrease in Net Assets)	<u>1,523,263</u>	<u>1,498,853</u>	<u>(24,410)</u>
 Change in Net Assets	 <u>\$ 33,246</u>		
 Unrestricted Net Assets-Beginning of Year	 200,720		
Total Net Assets-End of Year	 <u>\$ 233,966</u>		

See accompanying notes to financial statements.

**THE COMMUNITY PARTNERSHIP
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008**

Expenses	<u>Actual Amounts</u>	<u>Annual Budget</u>	<u>Variance</u>
Personnel	\$ 941,052	\$ 901,892	\$ (39,160)
Contracted Services	22,588	19,509	\$ (3,079)
Telephone	10,713	10,751	\$ 38
Postage	6,518	6,790	\$ 272
Office Rent/Utilities	59,317	61,431	\$ 2,114
Supplies/Copies	20,896	21,555	\$ 659
Travel (Program Related)	23,434	26,631	\$ 3,197
Technology	28,096	22,611	\$ (5,485)
Professional Development	30,040	27,116	\$ (2,924)
Audit	3,400	3,400	\$ -
Insurance/Bonding	9,772	8,769	\$ (1,003)
Public Relations/Comm Education	29,632	25,530	\$ (4,102)
Administrative Fees	68,324	68,325	\$ 1
Board/Group Expenses	7,992	8,500	\$ 508
Fees/Finance Charges	2,939	2,900	\$ (39)
Early Childhood Evaluations	1,742	1,732	\$ (10)
Family Support Training and Supplies	39,850	38,383	\$ (1,467)
Family Court Expenses	9,254	-	\$ (9,254)
Accreditation & Reaccreditation training & supplies	33,815	22,944	\$ (10,871)
Start Up & Expansion Incentives	24,009	16,840	\$ (7,169)
Educare meetings and supplies expense	16,148	15,269	\$ (879)
Community Neighborhood Dev training, equipment & supplies	133,434	187,475	\$ 54,041
Miscellaneous Expense	298	500	\$ 202
Total Expenses	<u>\$ 1,523,263</u>	<u>\$ 1,498,853</u>	<u>\$ (24,410)</u>

See accompanying notes to financial statements

**THE COMMUNITY PARTNERSHIP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008**

Operating Activities

Change in net assets	\$ 33,246
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Increase in accounts/notes receivable	(46)
Decrease in accounts payable	(36,398)
Increase in payroll liabilities	74
Increase in accrued vacation payable	6,938
Decrease in other payable	(881)
Decrease in deferred revenue	(61,153)
Net cash provided by operating activities	<u>(58,220)</u>
Cash on hand at beginning of the year	<u>490,454</u>
Cash as of the end of the year	<u><u>\$ 432,234</u></u>

See accompanying notes to financial statements

**THE COMMUNITY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

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 2008: 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.

**THE COMMUNITY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

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, 2007 to June 30, 2008 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. A new Independent Living grant from the Missouri Department of Social Services was received in fiscal 2008 for people leaving the foster care system. Another new grant received in fiscal 2008 is the Community Work Support Grant to help people with transportation needs and other barriers to employment.

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 ended in October 2007. During fiscal year 2008 Phelps County Community Partnership also 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.

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:

**THE COMMUNITY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

Purchases through June 30, 2006	\$179,687
Purchases from July 1, 2006 to June 30, 2007	0
Total Furniture and Equipment	\$179,687

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, 2008 were \$16,443.

NOTE E – LEASE AGREEMENT

The Partnership entered into a lease agreement on July 11, 2007, for the building they occupy. The lease extends until July 31, 2008, with payments of \$1,955 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. \$68,324 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 2008, no payments were received and the balance of the note was extended and was still receivable at June 30, 2008.

NOTE H – DEFERRED GRANT REVENUE

Deferred Grant Revenue includes unexpended grant funds restricted for the use to the specific program. The total is \$109,188 and consists of unearned grant revenue from the Basic Support Grant of \$4,523, Fit Phelps of \$49,853, Phelps Senate Bill 40 of \$17,145, and Community Work Support of \$37,667.