

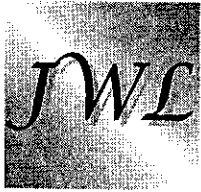
**PHELPS COUNTY COMMUNITY
PARTNERSHIP
A NOT-FOR-PROFIT CORPORATION**

**AUDITED FINANCIAL STATEMENTS AS OF
JUNE 30, 2005**

**TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**

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
Management Letter	9-10



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Phelps County Community Partnership

I have audited the accompanying statement of financial position of Phelps County Community Partnership (a non-profit organization) as of June 30, 2005, 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. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above, present fairly, in all material respects, financial position of Phelps County Community Partnership as of June 30, 2005, 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.

My audit was performed for the purpose of forming an opinion on the basic financial statements of Phelps County Community Partnership 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, I express no opinion on it.

Joe W. Leathers

Joe W. Leathers
Certified Public Accountant

October 11, 2005

**PHELPS COUNTY COMMUNITY PARTNERSHIP
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2005**

ASSETS

Cash	\$	315,423
Accounts Receivable		62
Notes Receivable-Newburg Community Revitalization Program Group		<u>25,000</u>
 Total Current Assets	 \$	 <u>340,485</u>

LIABILITIES AND NET ASSETS

Accounts Payable	\$	194,201
Payroll Liabilities		3,471
Deferred Grant Revenue		147
Payable-Newburg Community Revitalization Program Group		1,500
Accrued Vacation Payable		<u>13,050</u>
 Total Current Liabilities		 212,369
 Unrestricted Net Assets		 <u>128,116</u>
 Total Liabilities and Net Assets	 \$	 <u>340,485</u>

The accompanying notes are an integral part of this financial statement.

**PHELPS COUNTY COMMUNITY PARTNERSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005**

UNRESTRICTED NET ASSETS

	ACTUAL	BUDGET	VARIANCE
Support and Revenues (Increase in Unrestricted Net Assets)	<u>AMOUNTS</u>	<u>BUDGET</u>	<u>VARIANCE</u>
Capable Kids Program	\$ 12,618	\$ 7,618	\$ 5,000
Caring Communities	139,519	132,275	7,244
Teammates for Kids Foundation	0	0	0
Edgar Springs Caring Center	2,270	849	1,421
Educare	100,780	100,797	(17)
Early Care and Education	243,070	243,201	(131)
Missouri Mentoring Partnership	213,998	211,915	2,083
Newburg Caring Center	2,460	0	2,460
SB 40-Phelps County	43,040	43,040	0
MFH-Miles for Smiles-Mobile Dental Care Unit	438,484	306,939	131,545
MFH-Health Assessment	22,313	23,488	(1,175)
Partnership Resale Shop	11,358	8,949	2,409
Partnership	128,442	129,218	(776)
Community Partnership for Protecting Children	550	0	550
Total Support and Revenues (Increase in Unrestricted Net Assets)	<u>1,358,902</u>	<u>1,208,289</u>	<u>150,613</u>
Program Expenses (Decrease in Unrestricted Net Assets)			
Capable Kids Program	7,906	7,618	(288)
Caring Communities	138,719	131,075	(7,644)
Teammates for Kids Foundation	1,522	0	(1,522)
Edgar Springs Caring Center	326	0	(326)
Educare	100,780	100,797	17
Early Care and Education	243,071	243,201	130
Missouri Mentoring Partnership	212,081	211,915	(166)
Newburg Caring Center	1,037	0	(1,037)
SB 40-Phelps County	31,682	56,080	24,398
MFH-Miles for Smiles-Mobile Dental Care Unit	435,919	306,939	(128,980)
MFH-Health Assessment	20,311	23,488	3,177
Partnership Resale Shop	8,033	8,949	916
Partnership	144,213	150,669	6,456
Community Partnership for Protecting Children	304	0	(304)
Total Expenses (Decrease in Unrestricted Net Assets)	<u>1,345,904</u>	<u>1,240,731</u>	<u>(105,173)</u>
Increase in Unrestricted Net Assets	12,998		
Unrestricted Net Assets-Beginning of Year	<u>115,118</u>		
Unrestricted Net Assets-End of Year	<u>\$ 128,116</u>		

The accompanying notes are an integral part of this financial statement.

**PHELPS COUNTY COMMUNITY PARTNERSHIP
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2005**

	Actual Amounts	Annual Budget	Variance
Program Expenses			
Personnel	\$ 686,768	\$ 714,429	\$ 27,661
Telephones	8,854	9,085	231
Postage	4,070	4,045	(25)
Office Rent/Utilities	42,399	34,114	(8,285)
Supplies/Copies	18,845	18,685	(160)
Travel (Program Related)	19,854	29,337	9,483
Office Equipment	10,938	12,989	2,051
Professional Development	11,970	12,603	633
Audit	3,100	3,100	0
Insurance/Bonding	12,459	8,914	(3,545)
Public Relations/Comm Education	7,691	17,717	10,026
Board/Group Expenses	1,712	1,000	(712)
Fees/Finance Charges	1,357	1,120	(237)
Provider Ed/Training/Support	10,929	9,886	(1,043)
Missouri Preschool Expenses	371	0	(371)
Capacity Building Incentives	33,318	32,700	(618)
Provider Training/Services	13,040	7,975	(5,065)
Administrative Fees	63,464	64,268	804
Family Support	82,025	77,300	(4,725)
Community Neighborhood Dev.	312,740	177,747	(134,993)
Miscellaneous Expense	0	3,717	3,717
Total Expenses	\$ 1,345,904	\$ 1,240,731	\$ (105,173)

The accompanying notes are an integral part of this financial statement.

**PHELPS COUNTY COMMUNITY PARTNERSHIP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2005**

Operating Activities

Change in net assets	\$ 12,998
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Decrease in accounts receivable	4,173
Increase in accounts payable	163,470
Increase in payroll liabilities	991
Decrease in accrued vacation payable	(521)
Increase in deferred revenue	147
Decrease in payable-NCRPG	<u>(3,000)</u>
Net cash provided by operating activities	<u>178,258</u>
Cash as of the beginning of the year	<u>137,165</u>
Cash as of the end of the year	<u>\$ 315,423</u>

The accompanying notes are an integral part of this financial statement.

**HELPS COUNTY COMMUNITY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Phelps County Community Partnership is a collaborative partnership that provides services through programs and local initiatives to achieve six core results: parents working, children safe in their families and families safe in their communities, children ready to enter school, healthy families and children, children and youth succeeding in school, and youth ready to enter the work force and become productive citizens.

Public Support and Revenue

Grants and other contributions 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 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 generally accepted accounting principles requires the use of management's 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.

**HELPS COUNTY COMMUNITY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE B - GRANT CONTRACTS

Phelps County Community Partnership had a grant agreement covering the period from July 1, 2004 to June 30, 2005 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.

NOTE C - FURNITURE AND EQUIPMENT

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

Purchases through June 30, 2004	\$144,490
Purchases from July 1, 2004 to June 30, 2005	<u>12,883</u>
Total Furniture and Equipment	<u>\$157,373</u>

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, 2005, were \$9,373.

**PHELPS COUNTY COMMUNITY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE E - CONCENTRATIONS

The Partnership received approximately 52% of its support from the Missouri Department of Social Services and approximately 34% of its support from the Missouri Foundation for Health. The other 14% includes donations, thrift shop receipts, and other grant sources.

NOTE F - LEASE AGREEMENT

The Partnership entered into a lease agreement on June 10, 2005, for the building they occupy. The lease extends until July 31, 2006, with payments of \$1,890 per month. The Partnership entered another lease agreement on February 18, 2005, for the thrift store building. The lease extends until February 28, 2006, with payments of \$900 per month.

NOTE G - PARTNERSHIP ADMINISTRATIVE FEES

The Partnership charges each of its programs administrative fees for administering the grants. \$63,464 is included in Partnership income and the various grant program expenses for administering the grant programs.

NOTE H - NOTE RECEIVABLE - NEWBURG COMMUNITY REVITALIZATION PROGRAM GROUP

On April 7, 2004, the Partnership loaned \$25,000 to the Newburg community Revitalization Program Group - payable within six months at an annual interest rate of 0%. During 2005, this note receivable was extended and was still receivable at June 30, 2005.



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**COMMUNICATION OF MANAGEMENT POINTS THAT ARE NOT REPORTABLE
CONDITIONS OR MATERIAL WEAKNESSES**

To the Board of Directors of
Phelps County Community Partnership

In planning and performing my audit of the financial statements of Phelps County Community Partnership, for the year ended June 30, 2005, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure.

However, during my audit I became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes my comments and suggestions regarding those matters. I previously reported on the Partnership's internal control structure in my report dated October 11, 2005. A separate report dated October 11, 2005, contains my report on reportable conditions in the Partnership's internal control structure. This letter does not affect my report dated October 11, 2005, on the financial statements of Phelps County Community Partnership.

I will review the status of these comments during my next audit engagement. I will be pleased to discuss these management points in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

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

Joe W Leathers

JOE W. LEATHERS
Certified Public Accountant

October 11, 2005

MANAGEMENT LETTER POINTS

1. Recording of Transaction - Contributions/Rental Expense

During the year \$3,600 of contributions were recorded as a reduction to rental expense. These contributions were requested to be used to pay rent on the resale shop building. The correct recording for this transaction is to record the \$3,600 as contributions income instead of a reduction in rental expense. The \$3,600 can then be used to pay the rent expenses.

I recommend that these contributions be recorded as income and not a reduction to expense to reflect correct account balances.