

**THE COMMUNITY
PARTNERSHIP**

Rolla, Missouri

INDEPENDENT AUDITORS' REPORT

For the Year Ended June 30, 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Community Partnership
Rolla, Missouri:

We have audited the accompanying financial statements of **The Community Partnership** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended, and 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.

Auditors' 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 auditors' 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 of The Community Partnership as of June 30, 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Evers & Company, CPAs, LLC

EVERS & COMPANY, CPA's, L.L.C.
Jefferson City, Missouri

December 20, 2016

**THE COMMUNITY PARTNERSHIP
ROLLA, MISSOURI
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016**

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 413,625.33
Accounts Receivable	74,560.63
Inventory	55,194.52
Security Deposit	3,250.00
Total Current Assets	<u>546,630.48</u>
Fixed Assets	
Vehicle	45,464.00
Accumulated Depreciation	<u>(4,446.40)</u>
Total Fixed Assets	41,017.60
Total Assets	<u><u>\$ 587,648.08</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable	\$ 27,604.54
Note Payable (Current)	7,572.18
Payroll Liabilities	797.34
Accrued Payroll	33,704.95
Accrued Vacation	29,325.57
Deferred Revenue	28,099.17
Total Current Liabilities	<u>127,103.75</u>
Long Term Liabilities	
Note Payable	<u>28,335.22</u>
Total Liabilities	155,438.97
Net Assets	
Unrestricted	356,465.37
Temporarily Restricted	<u>75,743.74</u>
Total Net Assets	432,209.11
Total Liabilities and Net Assets	<u><u>\$ 587,648.08</u></u>

See accompanying notes to the financial statements.

**THE COMMUNITY PARTNERSHIP
ROLLA, MISSOURI**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

UNRESTRICTED NET ASSETS

Support and Revenue

Public Support:

Non-Restricted Funds	\$ 2,000.00
Donations	416,492.25
Emergency Fund Donations	1,250.00
NAP Tax Credit Donation	9,250.00
In-Kind Donations	17,504.05
State of Missouri	805,209.40
Children's Trust Fund	19,980.00
Foundation Grants	39,628.78
Missouri Preschool Project	2,787.75
HEAL Grant	650.00
Senate Bill 40 Board	61,847.14
Total Public Support	<u>1,376,599.37</u>

Other Revenue:

Interest Income	1,465.28
Salvage Sales	1,512.90
Thrift Store Revenue	278,722.74
Registration Fees	4,216.00
Other Income	5,298.11
Total Other Revenue	<u>291,215.03</u>

Total Support and Revenue

1,667,814.40

Net Assets Released from Restrictions:

Net Assets Released from Restrictions

30,414.55

Total Unrestricted Support, Revenue, and Reclassifications

1,698,228.95

Expenses

Cost of Sales	278,722.74
In-Kind Donations Expense	17,504.05
Personnel	848,099.63
Telephone	9,259.08
Postage	1,414.53
Technology	9,703.30
Professional Development	13,909.53
Public Relation	23,878.62
Vehicle	3,657.96
Depreciation	4,446.40
Educare Services	5,407.29
Community Neighborhood Development	30,070.17

See accompanying notes to the financial statements.

**THE COMMUNITY PARTNERSHIP
ROLLA, MISSOURI**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Family Support Training and Supplies	29,577.30
Contract Labor	10,252.96
Subcontract Services	227,814.26
Internet Service	480.00
Rent	64,132.00
Utilities	18,246.09
Trash	467.45
Office Repairs/Cleaning/Maintenance	13,611.98
Supplies	4,576.88
Copies	4,417.25
Travel- Mileage	19,196.71
Office Equipment	225.94
Copier Rental/Maintenance	353.58
Audit	5,435.00
G/L Insurance	16,217.00
Background Search/ MVR	207.00
Board/ Group Expense	1,015.09
Fees/ Finance Charges	5,505.17
Mentor Training	1,993.88
Youth Training and Support - Supplies Mat/food/oth	5,911.23
Youth Training and Support - Youth Incentives	854.26
Contingency/Misc	83.67
Total Expenses	<u>1,676,648.00</u>
Increase (Decrease) in Unrestricted Net Assets	21,580.95
TEMPORARILY RESTRICTED NET ASSETS	
Net Assets Released From Restrictions	<u>(30,414.55)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>(30,414.55)</u>
Increase (Decrease) in Net Assets	(8,833.60)
Net Assets, Beginning	<u>441,042.71</u>
Net Assets, Ending	<u>\$ 432,209.11</u>

See accompanying notes to the financial statements.

**THE COMMUNITY PARTNERSHIP
ROLLA, MISSOURI**

**STATEMENT OF CASH FLOWS (INDIRECT METHOD)
FOR THE YEAR ENDED JUNE 30, 2016**

	2016
<u>Cash Flows From Operating Activities:</u>	
Change in Net Assets	\$ (8,833.60)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	4,446.40
(Gain) Loss on Equipment Disposition	(5,000.00)
(Increase) Decrease in Accounts Receivable	12,953.23
(Increase) Decrease in Inventory	(512.32)
Increase (Decrease) in Accounts Payable	(18,838.92)
Increase (Decrease) in Accrued Vacation Payable	6,401.17
Increase (Decrease) in Deferred Revenue	(7,685.29)
Increase (Decrease) in Payroll Liabilities	(291.12)
Increase (Decrease) in Accrued Payroll	6,037.84
Total Adjustments	(2,489.01)
Net Cash Provided (Used) by Operating Activities	(11,322.61)
<u>Cash Flows from Investing Activities:</u>	
Purchase of Property, Plant and Equipment	(42,464.00)
Proceeds from sale of assets	2,000.00
Net Cash Provided (Used) by Investing Activities	(40,464.00)
<u>Cash Flows from Financing Activities</u>	
Loan Advances	39,024.00
Payments on Loan	(3,116.60)
Net Cash Provided (Used) by Financing Activities	35,907.40
Net Increase (Decrease) in Cash and Cash Equivalents	(15,879.21)
Cash and Cash Equivalents at Beginning of Year	429,504.54
Cash and Cash Equivalents at End of Year	\$ 413,625.33

Supplemental Disclosure of Cash Flow Information:

Cash Paid During the Year For:	
Income Taxes	-
Interest Expense	-

See accompanying notes to the financial statements.

THE COMMUNITY PARTNERSHIP
Rolla, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Business

The Community Partnership (the Partnership) was established in 1997 to support the development of healthy and thriving communities by promoting awareness of needs, creating and implementing services and partnerships to help meet those needs, and encouraging individual responsibility.

Method of Accounting

The financial statements of the Partnership are prepared on the accrual basis of accounting, under which revenues are recognized when earned and expenses are recognized when incurred.

Cash and Cash Equivalents

Cash and cash equivalents include bank accounts as well as certificates of deposit purchased with a maturity of three months or less from the date of purchase.

Allowance for Doubtful Accounts

The Partnership has deemed all receivables to be fully collectible due to the fact that the majority of receivables are state contracts; therefore, no allowance for doubtful accounts has been determined.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Inventory

Inventory consists of the items donated to the Partnership thrift store and held for resale at June 30, 2016. Items are valued at fair market value as of the date of the donation.

In-Kind Donations

Donations of items received for resale are recorded as contributions at their estimated fair value at the date of donation. Donated services, and other miscellaneous in-kind donations such as use of facilities, are recognized as contributions if the donations (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Partnership. Volunteers also provided tutoring and other services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met. The Partnership receives more than 13,603 volunteer hours per year from approximately 1,135 volunteers.

THE COMMUNITY PARTNERSHIP
Rolla, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd.)

In-Kind Donations (Cont'd)

Due to the reports the Partnership is required to file with the State of Missouri, in-kind donations are reported as a single line item on the expense side of the transaction. Reporting each in-kind donation with the appropriate expense account would misstate the amounts to be refunded by the State of Missouri to the Partnership.

Financial Statement Presentation

The Partnership is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions of cash and other assets are reported as temporarily or permanently 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 stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

At June 30, 2016, the Partnership had no permanently restricted net assets.

Income Taxes

The Partnership is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Partnership's tax-exempt purpose is subject to taxation as unrelated business income. The Partnership had no unrelated business income. Open tax years subject to examination by the Internal Revenue Service as of June 30, 2016 were 2015, 2014, and 2013.

Fixed Assets

Major acquisitions of property and equipment purchased with thrift store income are capitalized. Property and equipment is stated at cost, or if donated, at the approximate fair value at the date of donation. The costs of additions and betterments are capitalized and expenditures for repairs and maintenance are expensed when paid. When items of property or equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in additions to or deductions from net assets.

Fixed assets are depreciated over the estimated useful lives of the assets using the straight-line method of depreciation.

THE COMMUNITY PARTNERSHIP
Rolla, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd.)

Fixed Assets (Cont'd)

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

Subsequent Events

The Partnership evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through December 20, 2016, which is the date the financial statements were available to be issued.

NOTE 2 – TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets were available for the following purposes at June 30, 2016:

Missouri Mentoring Partnership	\$ 22,972.53
Educare/ Early Care and Education	8,623.30
Capable Kids and Families	25,482.15
Linking Hearts	8,614.45
Independent Living Program	6,721.51
Caring Communities	1,890.10
Fostering Education Futures	1,439.70
	<u>\$ 75,743.74</u>

NOTE 3 – CONCENTRATIONS:

The Partnership places its cash and cash equivalents with credit-worthy, high quality financial institutions. Balances at these institutions are insured by FDIC up to \$250,000. All balances were fully insured as of June 30, 2016.

Off balance sheet repurchase balances are not insured or guaranteed by the FDIC or any other government agency. The off balance sheet repurchase balance does, however, represent purchases of government-back securities. The Foundation's off balance sheet repurchase balance at June 30, 2016 was \$254,200.23. This balance is included in cash and cash equivalents.

THE COMMUNITY PARTNERSHIP

Rolla, Missouri

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

NOTE 4 – 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 ended June 30, 2016 were \$17,819.

NOTE 5 – LEASE AGREEMENT:

The Partnership entered into a lease agreement on July 11, 2007, for the building they occupy. The lease extends until July 31, 2017, with payments of \$1,995 per month. The Partnership thrift store moved into a new location in August 2010. The lease for the new location was entered into on May 7, 2010. It extended until April 1, 2015, and required monthly payments of \$3,250. The lease continues on a month to month basis.

Rental expense under these two lease agreements for the year ended June 30, 2016 was \$62,940.

Future yearly lease payments are as follows:

2017	\$ 23,940
2018	<u>1,995</u>
	<u>\$25,935</u>

NOTE 6 – PARTNERSHIP ADMINISTRATIVE FEES:

The Partnership charges each of its programs administrative fees for administering the grants. \$60,843 is included in Partnership income and the various grant program expenses for administering the grant programs.

NOTE 7 – NONCOMPLIANCE WITH GRANTOR RESTRICTIONS:

The Partnership receives a large portion of its funding for projects through one state agreement for specific purposes that are subject to audit by the state. Compliance audits conducted by the state in the future could lead to disallowed costs relating to the current period; however the Partnership expects such amounts, if any, to be immaterial.

THE COMMUNITY PARTNERSHIP
Rolla, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 8 – NOTES PAYABLE:

On December 21, 2015, the Partnership entered into a note agreement with Riverways Federal Credit Union. The total amount borrowed was \$39,024. At June 30, 2016, the outstanding principle on the note amounted to \$35,907. The note carries an interest rate of 1.89% and matures on January 4, 2021. The agreement is secured by assets owned by the Partnership.

Maturities of long-term debt are as follows:

Year Ending June 30:	
2017	\$7,572.18
2018	7,716.55
2019	7,863.65
2020	8,013.57
2021	<u>4,741.45</u>
	<u>\$35,907.40</u>