THE COMMUNITY PARTNERSHIP

INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 2017

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

TABLE OF CONTENTS

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, 2017, 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' judgement, including the assessment of 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.

573.426.8297 573.426.3008 keanandcompany.com
704 West 2nd Street · Post Office Box 876 · Rolla, MO 65402

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, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Kean + Company LLC

KEAN AND COMPANY, LLC
Rolla, Missouri

October 4, 2017

THE COMMUNITY PARTNERSHIP
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

ASSETS

Current Assets		
Cash and Cash Equivalents	$	420,442
Accounts Receivable		65,278
Inventory		50,542
Security Deposit		3,250
Prepaids		5,245
Total Current Assets		544,757
Fixed Assets		
Vehicle and Trailers		45,464
Accumulated Depreciation		(13,539)
Total Fixed Assets		31,925
Total Assets	$	576,682

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	$	30,419
Note Payable (Current)		7,739
Payroll Liabilities		1,774
Accrued Payroll		13,794
Accrued Vacation		30,227
Deferred Revenue		29,891
Total Current Liabilities		113,844
Long Term Liabilities		
Note Payable		19,971
Total Liabilities		133,815
Net Assets		
Unrestricted		360,225
Temporarily Restricted		82,643
Total Net Assets		442,868
Total Liabilities and Net Assets	$	576,682

See accompanying notes to financial statements.

THE COMMUNITY PARTNERSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

UNRESTRICTED NET ASSETS	
Support and Revenue	
Public Support:	
Donations	$ 397,689
NAP Tax Credit Donation	10,750
In-Kind Donations	11,019
State of Missouri	827,193
Children's Trust Fund	9,990
Foundation Grants	48,662
Missouri Preschool Project	4,890
Senate Bill 40 Board	58,696
Total Public Support	1,368,890
Other Revenue:	
Interest Income	1,538
Salvage and Vending Sales	4,000
Thrift Store Revenue	266,980
Other Income	492
Total Other Revenue	273,010
Total Support and Revenue	1,641,900
Net Assets Released from Restrictions:	
Net Assets Released from Restrictions	16,407
Total Unrestricted Support, Revenue, and Reclassifications	1,658,306
Expenses	
Cost of Sales	271,633
In-Kind Donations Expense	11,019
Personnel	850,824
Telephone	9,023
Postage	1,438
Technology	12,345
Professional Development	8,610
Public Relations	16,227
Vehicle	990
Depreciation	9,093
Educare Services	21,401
Community Neighborhood Development	20,159

See accompanying notes to the financial statements.

THE COMMUNITY PARTNERSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Family Support Training and Supplies	25,266
Contract Labor	7,987
Subcontract Services	207,627
Internet Service	929
Rent	64,212
Utilities	15,643
Office Repairs/Cleaning/ Maintenance	13,692
Supplies	5,749
Copies	3,623
Travel-Mileage	17,026
Copier Rental/Maintenance	1,599
Audit	5,595
G/L Insurance	15,562
Background Search/MVR	223
Board/Group Expense	262
Fees/Finance Charges	5,592
Mentor Training	920
Youth Training and Support- Supplies Mat/food/oth	6,574
Youth Training and Support- Youth Incentives	400
Total Expenses	1,631,241
Increase (Decrease) in Unrestricted Net Assets	27,065
TEMPORARILY RESTRICTED NET ASSETS	
Net Assets Released From Restrictions	(16,407)
Increase (Decrease) in Temporarily Restricted Net Assets	(16,407)
Increase (Decrease) in Net Assets	10,659
Net Assets, Beginning	432,209
Net Assets, Ending	$ 442,868

THE COMMUNITY PARTNERSHIP
STATEMENT OF CASH FLOWS (INDIRECT METHOD)
FOR THE YEAR ENDED JUNE 30, 2017

	2017
Cash Flows From Operating Activities:	
Change in net assets	$ 10,659
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activates:	
Depreciation and Amortization	9,093
(Increase) Decrease in Accounts Receivable	9,283
(Increase) Decrease in Inventory	4,653
(Increase) Decrease in Prepaids	(5,245)
Increase (Decrease) in Accounts Payable	2,813
Increase (Decrease) in Accrued Vacation Payable	901
Increase (Decrease) in Deferred Revenue	1,792
Increase (Decrease) in Payroll Liabilities	977
Increase (Decease) in Accrued Payroll	(19,911)
Total Adjustments	4,356
Net Cash Provided (Used) by Operating Activities	15,015
Cash Flows from Investing Activities:	
Purchase of Property, Plant, and Equipment	-
Proceeds from sale of assets	-
Net Cash Provided (Used) by Investing Activities	-
Cash Flows from Financing Activities	
Loan Advances	-
Payments on Loan	(8,198)
Net Cash Provided (Used) by Financing Activities	(8,198)
Net Increase (Decrease) in Cash and Cash Equivalents	6,817
Cash and Cash Equivalents at Beginning of Year	413,625
Cash and Cash Equivalents at End of Year	$ 420,442

Supplemental Disclosure of Cash Flow Information:

Cash Paid During the Year For:	
Income Taxes	-
Interest Expense	$ 657

See accompanying notes to financial statements.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICES:

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 the 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. The organization estimates that inventory turnover at the Resale Shop is approximately two months. Since it is implausible to take a year end physical inventory count on the Resale Shop items due to the large number of items present, the year-end inventory is valued at the sum of the sales made in the subsequent two months after year-end.

Inventory

Inventory consists of the items donated to the Partnership thrift store and held for resale at June 30, 2017. Items are valued at fair market value as of the date of 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 10,221 volunteer hours per year from approximately 850 volunteers.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICES: (Continued)

In-Kind Donations (Continued)
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, 2017, 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, 2017 were 2016, 2015, and 2014.

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 approximated 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.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICES: (Continued)

Fixed Assets (Continued)
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, the 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 October 4, 2017, 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 2017:

Missouri Mentoring Partnership	$24,958
Educare/Early Care and Education	11,152
Capable Kids and Families	29,974
Linking Hearts	8,380
Independent Living Program	6,721
Caring Communities	218
Fostering Education Futures	1,240
	$82,643

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, 2017.

Off balance sheet repurchases 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 repurchases balance at June 30, 2017 was $273,348.35. This balance is included in cash and cash equivalents.

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, 2017 were $18,753.

NOTE 5 – LEASE AGREEMENT:

The Partnership entered into a lease agreement on July 11, 2007, for the building they occupy. The lease has been extended until July 30, 2022, with payments of $1,995 per month.

The Partnership thrift store entered into a lease agreement on May 7, 2010. This lease 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, 2017 was $62,940.

Future lease payments are as follows:

2018	$23,940
2019	23,940
2020	23,940
2021	23,940
2022	23,940
2023	1,925
	$121,625

NOTE 6 – PARTNERSHIP ADMINISTRATIVE FEES:

The Partnership charges each of its programs administrative fees for administering the grants. $63,585 is included in Partnership income and the various grant program expenses for administering the grant programs.

NOTE 7 – CONCENTRATION OF REVENUE:

The Partnership receives a large portion of its funding, approximately 50% of total annual revenue, from the State of Missouri. If material funding changes occurred this could severely impact the organization's ability to continue their current operations.

NOTE 8 – NONCOMPLIANCE WITH GRANTOR RESTRICTIONS:

The Partnership receives a large portion of its funding for projects through a 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.

NOTE 9 –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, 2017, the outstanding principle on the note amounted to $27,709.64. 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:	
2018	$ 7,739
2019	7,887
2020	8,037
2021	4,047
	$ 27,710

KEAN & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

October 4, 2017

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

We have audited the financial statements of The Community Partnership for the year ended June 30, 2017, and have issued our report thereon dated October 4, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 4, 2017 Professional standards also require that we communicate to you the following information related to our audit.

<u>Significant Audit Findings</u>

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by The Community Partnership are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2016/2017 fiscal year. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

> Management's estimate of the year end Resale Shop inventory is based on an assumption of inventory turnover rates, which has been assumed as every two months. The sum of the Resale shop sales in the subsequent two months after fiscal year end are used as the year-end inventory balance. We evaluated the key factors and assumptions used to develop the inventory valuation in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

> The disclosure of the Use of Estimates in Note 1 to the financial statements describe the steps taken to estimate year-end Resale Shop inventory and how actual results from these estimations could differ.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 4, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

<u>Other Matters</u>

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of The Community Partnership and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Kean & Company LLC

Kean & Company, LLC

Rolla, Missouri