
**THE COMMUNITY
PARTNERSHIP**

INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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

TABLE OF CONTENTS

Independent Auditor's Report	1-2
FINANCIAL STATEMENTS:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses-2019	5
Statement of Functional Expenses-2018	6
Statement of Cash Flows	7
Notes to Financial Statements	8-14



KEAN, WIGGINS & COMPANY^{LLC}

CERTIFIED PUBLIC ACCOUNTANTS

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, 2019 and 2018, and the related statements of activities, functional expense, and cash flows for the years 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.

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, 2019 and 2018, 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.

Kean, Wiggins & Company LLC

Kean, Wiggins & Company, LLC
Rolla, Missouri
November 14, 2019

**THE COMMUNITY PARTNERSHIP
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018**

	June 30,	
	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 378,670	\$ 380,872
Accounts receivable	93,047	94,081
Inventory	37,156	42,098
Security deposit	3,250	3,250
Prepays	-	6,195
Total current assets	512,123	526,496
Fixed assets		
Leasehold improvements	30,083	30,083
Vehicle and trailers	45,464	45,464
Accumulated depreciation	(36,559)	(23,169)
Total fixed assets	38,988	52,378
TOTAL ASSETS	<u>\$ 551,111</u>	<u>\$ 578,874</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 49,274	\$ 53,439
Note payable (current)	8,037	7,887
Payroll liabilities	5,302	4,295
Accrued payroll	13,884	13,781
Accrued vacation	37,440	31,955
Deferred revenue	5,498	27,091
Total current liabilities	119,435	138,448
Long term liabilities		
Note payable	4,038	12,082
TOTAL LIABILITIES	123,473	150,530
NET ASSETS		
Net Assets Without Donor Restrictions	338,470	344,838
Net Assets With Donor Restrictions	89,168	83,506
TOTAL NET ASSETS	427,638	428,344
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 551,111</u>	<u>\$ 578,874</u>

The accompanying notes are an integral part of these statements.

**THE COMMUNITY PARTNERSHIP
STATEMENT OF ACTIVITIES
JUNE 30, 2019 AND 2018**

	Years Ended June 30,	
	2019	2018
Changes in net assets without donor restrictions		
Public support:		
Donations	\$ 337,636	\$ 374,054
In-kind donations	9,186	13,499
State of Missouri	816,358	795,050
Children's trust fund	52,222	-
Foundation grants	60,657	54,569
Missouri preschool project	4,099	3,348
Senate Bill 40 board	73,079	65,865
Total public support	<u>1,353,237</u>	<u>1,306,385</u>
Other revenue:		
Interest income	1,726	1,764
Salvage and vending sales	5,237	6,128
Thrift store revenue	220,497	249,870
Other income	6,966	20,032
Total other revenue	<u>234,426</u>	<u>277,794</u>
Total public support and revenue without donor restrictions	1,587,662	1,584,179
Expenses		
Program expenses	1,164,792	1,185,292
Support services		
Management and General	421,232	405,084
Fundraising	8,006	9,190
Total support services	<u>429,238</u>	<u>414,274</u>
Total expenses	<u>1,594,030</u>	<u>1,599,566</u>
Increase (decrease) in net assets without donor restrictions	(6,368)	(15,387)
Changes in net assets with donor restrictions		
Program asset balance increases, purpose restrictions to be met	<u>5,662</u>	<u>863</u>
Increase (decrease) in total net assets	(706)	(14,524)
NET ASSETS, BEGINNING OF YEAR	<u>428,344</u>	<u>442,868</u>
NET ASSETS, END OF YEAR	<u><u>\$ 427,638</u></u>	<u><u>\$ 428,344</u></u>

The accompanying notes are an integral part of these statements.

THE COMMUNITY PARTNERSHIP
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Program</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ -	\$ 6,457	\$ -	\$ 6,457
Audit	-	6,500	-	6,500
Background search/MVR	-	15	-	15
Board group expense		744	-	744
Contract labor	24,753	-	-	24,753
Community neighborhood development	22,970	-	-	22,970
Copier rental/maintenance	-	487	-	487
Copies	3,932	-	-	3,932
Cost of sales	225,439	-	-	225,439
Depreciation	-	13,390	-	13,390
Educare services	34,636	-	-	34,636
Employee benefits	68,288	27,287	-	95,575
Family support training and supplies	33,900	-	-	33,900
Fees/finance charges	-	5,081	-	5,081
G/L insurance	-	16,432	-	16,432
In-kind donations expense	9,186	-	-	9,186
Internet service	1,373	-	-	1,373
Mentor training	1,393	-	-	1,393
Miscellaneous program expenses	10,959	-	-	10,959
Office repairs/cleaning/maintenance	-	15,359	-	15,359
Payroll	496,737	198,486	-	695,223
Payroll taxes	39,517	15,790	-	55,307
Postage	-	1,441	-	1,441
Professional development	-	12,234	-	12,234
Public relations	461	-	8,006	8,467
Remodel/upgrade	-	2,919	-	2,919
Rent	-	63,764	-	63,764
Subcontract services	148,252	-	-	148,252
Supplies	6,365	-	-	6,365
Technology	-	16,134	-	16,134
Telephone	7,245	-	-	7,245
Travel-mileage	21,068	-	-	21,068
Utilities	-	18,712	-	18,712
Vehicle	684	-	-	684
Youth training and support-supplies, etc.	4,387	-	-	4,387
Youth training and support-youth incentives	3,247	-	-	3,247
Total Expenses	<u>\$ 1,164,792</u>	<u>\$ 421,232</u>	<u>\$ 8,006</u>	<u>\$ 1,594,030</u>

The accompanying notes are an integral part of these statements.

**THE COMMUNITY PARTNERSHIP
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018**

	Program	Management & General	Fundraising	Total
Advertising	\$ -	\$ 5,018	\$ -	\$ 5,018
Audit	-	6,695	-	6,695
Background search/MVR	-	130	-	130
Board group expense	-	1,286	-	1,286
Contract labor	9,850	-	-	9,850
Community neighborhood development	16,237	-	-	16,237
Copier rental/maintenance	-	1,511	-	1,511
Copies	3,648	-	-	3,648
Cost of sales	258,314	-	-	258,314
Depreciation	-	9,630	-	9,630
Educare services	24,764	-	-	24,764
Employee benefits	61,750	24,674	-	86,424
Family support training and supplies	38,441	-	-	38,441
Fees/finance charges	-	5,133	-	5,133
G/L insurance	-	16,501	-	16,501
In-kind donations expense	13,499	-	-	13,499
Internet service	990	-	-	990
Mentor training	1,235	-	-	1,235
Miscellaneous program expenses	20,597	-	-	20,597
Office repairs/cleaning/maintenance	-	13,066	-	13,066
Payroll	476,792	190,516	-	667,308
Payroll taxes	40,968	16,370	-	57,338
Postage	-	1,282	-	1,282
Professional development	-	9,713	-	9,713
Public relations	447	-	9,190	9,637
Remodel/upgrade	-	7,109	-	7,109
Rent	-	64,680	-	64,680
Subcontract services	177,939	-	-	177,939
Supplies	8,101	-	-	8,101
Technology	-	13,464	-	13,464
Telephone	9,337	-	-	9,337
Travel-mileage	15,033	-	-	15,033
Utilities	-	18,306	-	18,306
Vehicle	1,597	-	-	1,597
Youth training and support-supplies, etc.	4,583	-	-	4,583
Youth training and support-youth incentives	1,170	-	-	1,170
Total Expenses	<u>\$ 1,185,292</u>	<u>\$ 405,084</u>	<u>\$ 9,190</u>	<u>\$ 1,599,566</u>

The accompanying notes are an integral part of these statements.

**THE COMMUNITY PARTNERSHIP
STATEMENT OF CASH FLOW
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	Year Ended June 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (706)	\$ (14,523)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	13,390	9,630
(Increase) decrease in accounts receivable	1,033	(28,803)
(Increase) decrease in inventory	4,943	8,444
(Increase) decrease in prepaids	6,195	(950)
Increase (decrease) in accounts payable	(4,015)	23,020
Increase (decrease) in accrued vacation payable	5,484	1,728
Increase (decrease) in deferred revenue	(21,593)	(2,800)
Increase (decrease) in payroll liabilities	1,007	2,521
Increase (decrease) in accrued payroll	103	(13)
Total adjustments	<u>6,547</u>	<u>12,777</u>
Net cash provided (used) by operating activities	<u>5,841</u>	<u>(1,746)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and leasehold improvements	<u>-</u>	<u>(30,083)</u>
Net cash provided (used) by investing activities	<u>-</u>	<u>(30,083)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payments on loan	<u>(8,044)</u>	<u>(7,741)</u>
Net cash provided (used) by financing activities	<u>(8,044)</u>	<u>(7,741)</u>
NET INCREASE IN CASH/CASH EQUIVALENTS	(2,202)	(39,570)
CASH, BEGINNING OF YEAR	<u>380,872</u>	<u>420,442</u>
CASH, END OF YEAR	<u><u>\$ 378,670</u></u>	<u><u>\$ 380,872</u></u>

The accompanying notes are an integral part of these statements.

**THE COMMUNITY PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

NOTE 1 – NATURE OF ACTIVITIES & 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.

Change in Accounting Principle

Effective July 1, 2018, the Organization adopted Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities – Presentation of Financial Statements of Not-for-Profit Entities. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. For the purposes of this audit, ASU 2016-14 was applied to the net asset balances for the fiscal year ended June 30, 2018.

Implementation of ASU 2016-14 did not require reclassification or restatement of any opening balances related to the period presented. Net assets previously reported as permanently or temporarily restricted are now reported as net assets with donor restrictions. Likewise, net assets previously reported as unrestricted are now reported as net assets without donor restrictions.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP). Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, the Organization’s net assets and changes thereto are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

**THE COMMUNITY PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

The Organization considers all (non-restricted) highly liquid investments with a maturity of three months or less when purchased to be cash. Cash and cash equivalents consist of checking accounts, money market accounts, investment accounts, and cash on hand.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses in accounts are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Short-term investments consist of debt securities with original maturities of twelve months or less. Long-term investments consist of debt securities with original maturities greater than twelve months.

Fiscal year investment returns and losses in the investment accounts are reported as a change in net assets without donor restrictions.

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.

Functional Expenses

Expenses are charged directly to program and support based on a combination of specific identification and allocation by management.

**THE COMMUNITY PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

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 9,636 volunteer hours per year from approximately 850 volunteers. 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.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. The Organization reports donor-restricted support whose restrictions are met in the same reporting period as unrestricted support.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

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.

Inventory

Inventory consists of the items donated to the Partnership thrift store and held for resale at fiscal year end. Inventory balances as of June 30, 2019 and 2018 were \$37,155 and \$42,098 respectively. Items are valued at fair market value as of the date of donation.

**THE COMMUNITY PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

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, 2019 were 2018, 2017, and 2016.

Fixed Assets

Major acquisitions of property, equipment, and leasehold improvements are capitalized. These acquisitions are stated at cost, or if donated, at the approximated fair value at the date of donation. The costs of long-term 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. Vehicles are depreciated over a five year period and equipment and minor improvements over a seven year period. Depreciation expense for fiscal years ending June 30, 2019 and 2018 were \$13,390 and \$9,630 respectively.

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.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs for the year ended June 30, 2019 and 2018 were \$6,457 and \$5,018 respectively.

Fundraising Costs

Fundraising costs are expensed as incurred. Fundraising costs for the years ended June 30, 2019 and 2018 were \$8,006 and \$9,190 respectively.

Employee Benefit Plans

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

**THE COMMUNITY PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

wages. Plan expenses incurred by the Partnership during the year ended June 30, 2019 and 2018 were \$18,103 and \$18,263 respectively.

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 November 14, 2019, which is the date the financial statements were available to be issued.

NOTE 2 - 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, 2019 and 2018.

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 balances as of June 30, 2019 and 2018 were \$82,358 and \$246,502 respectively. These balances are included in cash and cash equivalents.

NOTE 3- AVAILABILITY AND LIQUIDITY

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses. The following represents the Organization's financial assets at June 30, 2019:

	<u>2019</u>	<u>2018</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 289,502	\$ 297,366
Accounts receivable	93,048	94,080
Restricted cash and cash equivalents	89,168	83,506
Total financial assets	<u>471,718</u>	<u>474,952</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>-</u>	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 471,718</u>	<u>\$ 474,952</u>

**THE COMMUNITY PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes at June, 30 2019:

Capable Kids and Families	\$31,103
Missouri Mentoring Partnership	25,385
Educare/Early Care and Education	17,114
Linking Hearts	6,646
Independent Living Program	6,150
Caring Communities	1,765
Fostering Education Futures	826
PREP	179
	<u>\$89,168</u>

Net assets with donor restrictions were available for the following purposes at June, 30 2018:

Capable Kids and Families	\$30,201
Missouri Mentoring Partnership	24,805
Educare/Early Care and Education	12,293
Linking Hearts	8,061
Independent Living Program	6,150
Caring Communities	991
Fostering Education Futures	826
PREP	179
	<u>\$83,506</u>

NOTE 5 – PARTNERSHIP ADMINISTRATIVE FEES

The Partnership charges each of its programs administrative fees for administering the grants. For fiscal years ending June 30, 2019 and 2018, \$53,031 and \$56,825, respectively, are included in Partnership income and the various grant program expenses for administering the grant programs.

NOTE 6 – 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.

**THE COMMUNITY PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

NOTE 7 – 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, 2019 and 2018 were \$62,940 for each year.

Future lease payments are as follows:

2020	\$23,940
2021	23,940
2022	23,940
2023	<u>1,925</u>
	<u>\$73,745</u>

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, 2019, the outstanding principal on the note amounted to \$12,075. 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:	
2020	\$ 8,037
2021	<u>4,038</u>
	<u>\$ 12,075</u>



KEAN, WIGGINS & COMPANY^{LLC}

CERTIFIED PUBLIC ACCOUNTANTS

November 14, 2019

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

We have audited the financial statements of The Community Partnership for the years ended June 30, 2019 and 2018, and have issued our report thereon dated November 14, 2019. 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 September 23, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

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. The Organization changed accounting policies related to the presentation of net assets and restricted cash by adopting Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities-Presentation of Financial Statements of Not-for-Profit Entities. Although ASU 2016-14 is effective for financial statements issued for fiscal years beginning after December 31, 2017, the Organization elected early adoption as permitted by the ASU. Accordingly, the accounting change has been retrospectively applied to prior periods presented as if the policy had always been used. 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.

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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 November 14, 2019.

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.

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.

Kean, Wiggins & Company, LLC

Kean, Wiggins & Company, LLC

Rolla, Missouri