

**THE COMMUNITY
PARTNERSHIP**

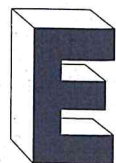
Rolla, Missouri

INDEPENDENT AUDITORS' REPORT

For the Year Ended June 30, 2020

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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, 2020, and the related statements of activities, functional expenses 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, 2020, 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, CPA's, LLC

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

January 30, 2021

THE COMMUNITY PARTNERSHIP

Rolla, Missouri

STATEMENT OF FINANCIAL POSITION

June 30, 2020

	2020
ASSETS	
Current assets	
Cash and cash equivalents	\$ 312,008
Certificates of deposit	167,255
Accounts receivable	88,442
Total current assets	<u>567,705</u>
Fixed assets	
Leasehold improvements	30,083
Vehicle and trailers	45,464
Accumulated depreciation	(49,949)
Total fixed assets	<u>25,598</u>
TOTAL ASSETS	<u><u>\$ 593,303</u></u>
LIABILITIES AND NET ASSETS	
Current liabilities	
Accounts payable	\$ 48,080
Note payable (current)	21,132
Payroll liabilities	261
Accrued payroll	18,005
Accrued vacation	38,678
Deferred revenue	33,879
Total current liabilities	<u>160,035</u>
Long term liabilities	
Notes payable	17,303
Total liabilities	<u>177,338</u>
Net assets	
Without donor restrictions	313,081
With donor restrictions	102,884
Total net assets	<u>415,965</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 593,303</u></u>

See accompanying notes to the financial statements.

THE COMMUNITY PARTNERSHIP

Rolla, Missouri

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

	<u>Without Restriction</u>	<u>With Restriction</u>	<u>Total 2020</u>
Revenues			
Public Support:			
Donations	\$ 207,105	\$ 15,007	\$ 222,112
In-kind donations	7,705	-	7,705
State of Missouri	6,477	897,767	904,244
Children's trust fund	-	55,850	55,850
Foundation grants	18,440	52,316	70,756
Missouri preschool project	-	8,188	8,188
Senate Bill 40 Board	-	57,533	57,533
Total Public Support	<u>239,727</u>	<u>1,086,661</u>	<u>1,326,388</u>
Other Revenue:			
Interest income	4,760	-	4,760
Salvage sales	4,917	-	4,917
Thrift store revenue	140,340	-	140,340
Other income	296	420	716
Total Other Revenue	<u>150,313</u>	<u>420</u>	<u>150,733</u>
Net assets released from restrictions	<u>1,073,365</u>	<u>(1,073,365)</u>	<u>-</u>
Total revenues	<u>1,463,405</u>	<u>13,716</u>	<u>1,477,121</u>
Expenses			
Program expenses	1,055,274	-	1,055,274
Support services			
Management and General	424,476	-	424,476
Fundraising	9,044	-	9,044
Total support services	<u>433,520</u>	<u>-</u>	<u>433,520</u>
Total expenses	<u>1,488,794</u>	<u>-</u>	<u>1,488,794</u>
Increase (decrease) in net assets	<u>(25,389)</u>	<u>13,716</u>	<u>(11,673)</u>
Net assets, beginning	<u>338,470</u>	<u>89,168</u>	<u>427,638</u>
Net assets, ending	<u>\$ 313,081</u>	<u>\$ 102,884</u>	<u>\$ 415,965</u>

See accompanying notes to the financial statements.

THE COMMUNITY PARTNERSHIP
Rolla, Missouri

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2020

	Program	Management & General	Fundraising	2020 Total Expenses
Advertising	\$ -	\$ 3,205	\$ -	\$ 3,205
Audit	-	6,500	-	6,500
Background search/MVR	-	299	-	299
Board group expense	-	1,775	-	1,775
Contract labor	21,893	-	-	21,893
Community neighborhood development	16,080	-	-	16,080
Copier rental/maintenance	-	646	-	646
Copies	3,817	-	-	3,817
Cost of sales	140,340	-	-	140,340
Depreciation	-	13,390	-	13,390
Educare services	20,667	-	-	20,667
Employee benefits	63,495	25,372	-	88,867
Family support training and supplies	28,272	-	-	28,272
Fees/finance charges	-	4,664	-	4,664
G/L insurance	-	15,860	-	15,860
In-kind donations expense	7,705	-	-	7,705
Internet service	2,393	-	-	2,393
Mentor training	350	-	-	350
Miscellaneous program expenses	5,242	-	-	5,242
Office repairs/cleaning/maintenance	-	13,257	-	13,257
Payroll	504,261	201,492	-	705,753
Payroll taxes	44,869	17,929	-	62,798
Postage	-	1,393	-	1,393
Professional development	-	4,787	-	4,787
Public relations	336	-	9,044	9,380
Remodel/upgrade	-	5,757	-	5,757
Rent	-	59,218	-	59,218
Subcontract services	148,252	-	-	148,252
Supplies	12,361	-	-	12,361
Technology	-	29,830	-	29,830
Telephone	6,776	-	-	6,776
Travel-mileage	18,530	-	-	18,530
Utilities	-	19,102	-	19,102
Vehicle	2,171	-	-	2,171
Youth training and support - supplies, etc.	6,032	-	-	6,032
Youth training and support - youth incentives	1,047	-	-	1,047
Youth training and support - emergency assistance	385	-	-	385
Total Expenses	<u>\$ 1,055,274</u>	<u>\$ 424,476</u>	<u>\$ 9,044</u>	<u>\$ 1,488,794</u>

See accompanying notes to the financial statements.

THE COMMUNITY PARTNERSHIP

Rolla, Missouri

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets \$ (11,673)

Adjustments to reconcile change in net
assets to net cash provided by operating activities:

Depreciation and amortization expense	13,390
(Increase) decrease in accounts receivable	4,606
(Increase) decrease in inventory	37,155
(Increase) decrease in security deposit	3,250
Increase (decrease) in accounts payable	11,900
Increase (decrease) in accrued vacation payable	1,238
Increase (decrease) in deferred revenue	28,381
Increase (decrease) in payroll liabilities	(5,041)
Increase (decrease) in accrued payroll	4,121
Total adjustments	<u>99,000</u>

Net cash provided (used) by operating activities 87,327

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from note payable	17,303
Payments on note payable	<u>(4,038)</u>
Net cash provided (used) by financing activities	<u>13,265</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of certificates of deposit	<u>(167,255)</u>
Net cash provided (used) by investing activities	<u>(167,255)</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (66,663)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 378,671

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 312,008

Supplemental Disclosure of Cash Flow Information:

Cash Paid During the Year for:

Income Taxes	\$ -
Interest Expense	177

See accompanying notes to the financial statements.

THE COMMUNITY PARTNERSHIP
Rolla, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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.

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 Partnership'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 Partnership. These net assets may be used at the discretion of the Partnership's management and the board of directors.

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 Partnership 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

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.

THE COMMUNITY PARTNERSHIP

Rolla, Missouri

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

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

In-Kind Donations

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 5,655 volunteer hours per year from approximately 377 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.

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, 2020 were 2019, 2018, and 2017.

Fixed Assets

Major acquisitions of property and equipment which were 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.

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.

THE COMMUNITY PARTNERSHIP
Rolla, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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

Advertising

Advertising costs are expensed as incurred. Advertising costs for the year ended June 30, 2020 were \$3,205.

Fundraising

Fundraising costs are expensed as incurred. Fundraising costs for the year ended June 30, 2020 were \$9,044.

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, 2020 were \$88,867.

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 January 30, 2021, which is the date the financial statements were available to be issued.

NOTE 2 – NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions were available for the following purposes at June 30, 2020:

Capable Kids and Families	\$ 35,234
Missouri Mentoring Partnership	29,004
Educare/Early Care and Education	23,570
Linking Hearts	5,993
Independent Living Program	6,150
Caring Communities	1,617
Fostering Education Futures	-
CKF Expansion	1,137
PREP	179
	<u>\$ 102,884</u>

THE COMMUNITY PARTNERSHIP
Rolla, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 3 – CONCENTRATIONS OF CREDIT RISK:

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, 2020.

The Partnership also maintains a brokerage account at one financial institution. These funds are secured by SIPC insurance up to \$50,000. All balances were fully insured as of June 30, 2020.

Amounts maintained in Investaccounts are not insured or guaranteed by FDIC or any other government agency. The balances do, however, represent the purchase of government-backed securities. At June 30, 2020, the Partnership had \$169,948 in the uninsured Investaccount. These balances are included in cash and cash equivalents at year-end and reflect current market value. Due to the nature of these investments, there are no realized or unrealized gains and losses recorded in the financial statements.

NOTE 4 – 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 5 – PARTNERSHIP ADMINISTRATIVE FEES:

The Partnership charges each of its programs administrative fees for administering the grants. \$33,135 is included in Partnership income and the various grant program expenses for administering the grant programs.

THE COMMUNITY PARTNERSHIP
Rolla, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 6 – AVAILABILITY AND LIQUIDITY:

The Partnership's goal is generally to maintain financial assets to meet 90 days of operating expenses. The following represents the Partnership's financial assets at June 30, 2020:

	2020
Financial assets at year end:	
Cash and cash equivalents	\$ 209,124
Certificates of deposit	167,255
Accounts receivable	88,442
Restricted cash and cash equivalents	102,884
Total financial assets	<u>567,705</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>102,884</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 464,821</u></u>

NOTE 7 – LEASE AGREEMENT:

The Partnership entered into a lease agreement on July 11, 2007, for the building they occupy. The lease extends until July 31, 2022, with payments of \$1,995 per month. Rental expense under this lease agreement for the year ended June 30, 2020 was \$23,940.

Future yearly lease payments are as follows:

2021	\$ 23,940
2022	23,940
2023	1,925
	<u><u>\$ 49,805</u></u>

The Partnership thrift store required monthly payments of \$3,250, however, it was closed in March 2020. Rental expense under that lease agreement for the year ended June 30, 2020 was \$32,500.

THE COMMUNITY PARTNERSHIP
Rolla, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 8 – 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.

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, 2020, the outstanding principle on the note amounted to \$4,056. 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:	
2021	\$ 4,038
	<u>\$ 4,038</u>

On April 10, 2020, the Partnership entered into a paycheck protection program loan agreement through Phelps County Bank. The total amount borrowed was \$ 34,378.97. At June 30, 2020, the outstanding principle on the loan amounted to \$34,378.97. There are no monthly payments due for repayment of the loan for the first six months following the loan date. The loan carries an interest rate of 1.00% and matures on April 10, 2022.

Maturities of long-term debt are as follows:

Year Ending June 30:	
2021	\$ 23,034
2022	<u>5,757</u>
	<u>\$ 28,791</u>

THE COMMUNITY PARTNERSHIP
Rolla, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 10 – UNCERTAINTIES:

The emergence and spread of COVID-19 in 2020 has affected business and economic activity in the United States of America and elsewhere. There has been a significant volatility in all of the major stock market indices, which affect the market value of investments. It is anticipated that the market will remain volatile for the short term. The extent of the duration of the volatility cannot be reasonably determined at this time. Management is closely monitoring the situation and will take action as directed by the governing body.

NOTE 11 – NEW ACCOUNTING GUIDANCE:

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes prior guidance in FASB ASC 605 and other Topics related to revenue recognition, and requires revenue to be recognized from contracts when performance obligations are met.

The FASB also issued new guidance that created Topic 842, *Leases*, in the ASC. Topic 842 supersedes prior guidance on FASB ASC 841 and other Topics related to leases, and requires lessees to recognize a right-of-use (ROU) asset and a lease liability on its balance sheet for most leases, including operating leases.

The Partnership will be required to implement these guidance's for the year ending June 30, 2021. Adoption of the new guidance's could result in changes to accounting policies for grant revenue and require the reporting of contract liabilities and contract assets.