



THE WHITLOCK CO.

*CPAs and Consultants*

**COMMUNITY PARTNERSHIP OF THE OZARKS, INC.**

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**FINANCIAL STATEMENTS  
with  
INDEPENDENT AUDITOR'S REPORT  
YEARS ENDED JUNE 30, 2020 AND 2019**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Community Partnership of the Ozarks, Inc.  
Springfield, Missouri

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **Community Partnership of the Ozarks, Inc.** (CPO), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended and the 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.

### **Auditor's 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 and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditor's 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 **Community Partnership of the Ozarks, Inc.**, as of June 30, 2020 and 2019, and the change 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.

## **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining schedules for All CPO Program Services, State Partnership Contracts, and Programs Excluding State Partnership Contracts are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2020 on our consideration of CPO's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CPO's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CPO's internal control over financial reporting and compliance.

The image shows a handwritten signature in black ink that reads "THE WHITLOCK CO., LLP". The signature is written in a cursive, slightly slanted style.

Springfield, Missouri  
November 11, 2020

**COMMUNITY PARTNERSHIP OF THE OZARKS, INC.**

**STATEMENTS OF FINANCIAL POSITION**

ASSETS

|                           | June 30,            |                     |
|---------------------------|---------------------|---------------------|
|                           | 2020                | 2019                |
| <b>Current assets</b>     |                     |                     |
| Cash and cash equivalents | \$ 418,299          | \$ 423,375          |
| Short-term investments    | 488,231             | 479,611             |
| Grants receivable         | 506,961             | 438,757             |
| Prepaid expenses          | 7,700               | 3,444               |
| Other receivable          | 5,000               | 12,663              |
|                           | 1,426,191           | 1,357,850           |
| <b>Non-current assets</b> |                     |                     |
| Long-term investments     | 466,562             | 508,822             |
| Fixed assets, net         | 3,756,941           | 1,430,111           |
| <b>Total assets</b>       | <b>\$ 5,649,694</b> | <b>\$ 3,296,783</b> |

LIABILITIES AND NET ASSETS

|   |                     |                     |
|---|---------------------|---------------------|
| <b>Current liabilities</b>                  |                     |                     |
| Accounts payable                            | \$ 481,103          | \$ 255,897          |
| Accrued salaries                            | 44,805              | 58,910              |
| Accrued vacation                            | 63,180              | 48,582              |
| Line of credit                              | 349,900             | -                   |
| Current portion of long-term debt           | 332,030             | 15,631              |
| Deferred revenue                            | 96,867              | 40,349              |
|   | 1,367,885           | 419,369             |
| <b>Non-current liabilities</b>              |                     |                     |
| Long-term debt, less current portion        | -                   | 332,030             |
| SBA Paycheck Protection Program             | 373,418             | -                   |
| <b>Long-term debt, less current portion</b> | <b>373,418</b>      | <b>332,030</b>      |
| <b>Net assets -</b>                         |                     |                     |
| <b>Without donor restriction</b>            |                     |                     |
| Undesignated                                | 336,252             | 343,239             |
| Board designated                            | 3,161,090           | 1,441,455           |
| Total without donor restriction             | 3,497,342           | 1,784,694           |
| <b>With donor restriction</b>               | 411,049             | 760,690             |
| Total net assets                            | 3,908,391           | 2,545,384           |
| <b>Total liabilities and net assets</b>     | <b>\$ 5,649,694</b> | <b>\$ 3,296,783</b> |

The accompanying notes are an integral part of these financial statements.

**COMMUNITY PARTNERSHIP OF THE OZARKS, INC.**

**STATEMENTS OF ACTIVITIES**

**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

|  | 2020                         |                           |                     | 2019                         |                           |                     |
|--|------------------------------|---------------------------|---------------------|------------------------------|---------------------------|---------------------|
|  | Without donor<br>restriction | With donor<br>restriction | Total               | Without donor<br>restriction | With donor<br>restriction | Total               |
| <b>Revenue and other support</b>                           |                              |                           |                     |                              |                           |                     |
| Federal and state grants and contracts                     | \$ -                         | \$ 5,459,996              | \$ 5,459,996        | \$ -                         | \$ 4,484,041              | \$ 4,484,041        |
| Program income   | 407,750                      | 270,875                   | 678,625             | -                            | 910,571                   | 910,571             |
| Miscellaneous income                                       | 725,678                      | 139,158                   | 864,836             | 593,181                      | 39,493                    | 632,674             |
| Unrealized gain (loss) on designated quasi-endowments      | (73,859)                     | -                         | (73,859)            | 13,416                       | -                         | 13,416              |
| Interest and dividends from designated<br>quasi-endowments | 64,739                       | -                         | 64,739              | 7,947                        | -                         | 7,947               |
| Interest and dividends from investments                    | 9,556                        | 556                       | 10,112              | 9,441                        | 1,605                     | 11,046              |
| Transfers from (to) other grants                           | 204,186                      | (204,186)                 | -                   | 27,049                       | (27,049)                  | -                   |
| Net assets released from restrictions                      | <u>6,016,040</u>             | <u>(6,016,040)</u>        | <u>-</u>            | <u>4,959,248</u>             | <u>(4,959,248)</u>        | <u>-</u>            |
|  | 7,354,090                    | (349,641)                 | 7,004,449           | 5,610,282                    | 449,413                   | 6,059,695           |
| <b>Expenses</b>  |                              |                           |                     |                              |                           |                     |
| Program services   | 5,062,216                    | -                         | 5,062,216           | 4,393,491                    | -                         | 4,393,491           |
| Support services   | <u>579,226</u>               | <u>-</u>                  | <u>579,226</u>      | <u>501,068</u>               | <u>-</u>                  | <u>501,068</u>      |
|  | 5,641,442                    | -                         | 5,641,442           | 4,894,559                    | -                         | 4,894,559           |
| <b>Change in net assets</b>                                | 1,712,648                    | (349,641)                 | 1,363,007           | 715,723                      | 449,413                   | 1,165,136           |
| <b>Net assets - beginning of period</b>                    | <u>1,784,694</u>             | <u>760,690</u>            | <u>2,545,384</u>    | <u>1,068,971</u>             | <u>311,277</u>            | <u>1,380,248</u>    |
| <b>Net assets - end of period</b>                          | <u>\$ 3,497,342</u>          | <u>\$ 411,049</u>         | <u>\$ 3,908,391</u> | <u>\$ 1,784,694</u>          | <u>\$ 760,690</u>         | <u>\$ 2,545,384</u> |

The accompanying notes are an integral part of these financial statements.

**COMMUNITY PARTNERSHIP OF THE OZARKS, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2020**

|   | Program<br>Services | Support<br>Services | Totals<br>(Memorandum<br>Only) |
|---|---------------------|---------------------|--------------------------------|
| Salaries and related expenses             | \$ 2,364,088        | \$ 252,677          | \$ 2,616,765                   |
| Financial fees                            | -                   | 126,762             | 126,762                        |
| Professional fees                         | 142,289             | 27,816              | 170,105                        |
| Supplies and materials                    | 684,189             | 21,692              | 705,881                        |
| Telephone                                 | 21,579              | 5,893               | 27,472                         |
| Occupancy                                 | 76,464              | 29,037              | 105,501                        |
| Insurance                                 | 19,232              | 1,682               | 20,914                         |
| Interest                                  | -                   | 13,986              | 13,986                         |
| Printing                                  | 20,646              | 5,330               | 25,976                         |
| Local travel                              | 41,234              | 1,963               | 43,197                         |
| Trainings                                 | 72,041              | 4,055               | 76,096                         |
| Educational programming                   | 3,231               | 12,719              | 15,950                         |
| Membership dues                           | 44,427              | 17,414              | 61,841                         |
| Equipment maintenance                     | 8,883               | 2,725               | 11,608                         |
| Public education                          | 348,425             | 3,148               | 351,573                        |
| Indirect costs reimbursements             | 363,308             | -                   | 363,308                        |
| Contractual services                      | 814,973             | 8,834               | 823,807                        |
| Miscellaneous expense                     | 5,406               | 516                 | 5,922                          |
| <b>Total expenses before depreciation</b> | 5,030,415           | 536,249             | 5,566,664                      |
| Depreciation of fixed assets              | 31,801              | 42,977              | 74,778                         |
| <b>Total expenses</b>                     | <b>\$ 5,062,216</b> | <b>\$ 579,226</b>   | <b>\$ 5,641,442</b>            |

The accompanying notes are an integral part of these financial statements.

**COMMUNITY PARTNERSHIP OF THE OZARKS, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2019**

|   | <u>Program<br/>Services</u> | <u>Support<br/>Services</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|---|-----------------------------|-----------------------------|---|
| Salaries and related expenses             | \$ 2,248,568                | \$ 207,137                  | \$ 2,455,705                            |
| Financial fees                            | -                           | 129,149                     | 129,149                                 |
| Professional fees                         | 74,196                      | 16,546                      | 90,742                                  |
| Supplies and materials                    | 529,588                     | 22,743                      | 552,331                                 |
| Telephone                                 | 15,085                      | 2,156                       | 17,241                                  |
| Occupancy                                 | 59,121                      | 19,980                      | 79,101                                  |
| Insurance                                 | 19,802                      | 2,690                       | 22,492                                  |
| Printing                                  | 14,409                      | 3,755                       | 18,164                                  |
| Local travel                              | 44,002                      | 2,437                       | 46,439                                  |
| Trainings                                 | 109,469                     | 6,079                       | 115,548                                 |
| Educational programming                   | 15,462                      | 14,397                      | 29,859                                  |
| Membership dues                           | 10,113                      | 11,234                      | 21,347                                  |
| Equipment maintenance                     | 8,816                       | 3,990                       | 12,806                                  |
| Public education                          | 134,435                     | 450                         | 134,885                                 |
| Indirect costs reimbursements             | 305,671                     | -                           | 305,671                                 |
| Contractual services                      | 789,933                     | 12,887                      | 802,820                                 |
| Miscellaneous expense                     | <u>21</u>                   | <u>506</u>                  | <u>527</u>                              |
| <b>Total expenses before depreciation</b> | 4,378,691                   | 456,136                     | 4,834,827                               |
| Depreciation of fixed assets              | <u>14,800</u>               | <u>44,932</u>               | <u>59,732</u>                           |
| <b>Total expenses</b>                     | <u>\$ 4,393,491</u>         | <u>\$ 501,068</u>           | <u>\$ 4,894,559</u>                     |

The accompanying notes are an integral part of these financial statements.

**COMMUNITY PARTNERSHIP OF THE OZARKS, INC.**

**STATEMENTS OF CASH FLOWS**

|   | Years ended June 30,     |                          |
|---|--------------------------|--------------------------|
|   | 2020                     | 2019                     |
| <b>Cash flows from operating activities</b>             |                          |                          |
| Federal and state grants                                | \$ 6,126,935             | \$ 5,111,334             |
| Miscellaneous income                                    | 872,499                  | 624,369                  |
| Interest and dividend income                            | 74,851                   | 18,993                   |
| Salaries and related expenditures                       | (3,028,933)              | (2,442,298)              |
| Other operating expenditures                            | <u>(2,316,288)</u>       | <u>(2,187,009)</u>       |
| Net cash provided by operating activities               | <u>1,729,064</u>         | <u>1,125,389</u>         |
| <b>Cash flows from investing activities</b>             |                          |                          |
| Purchase of fixed assets                                | (2,401,608)              | (767,246)                |
| Purchase of investments                                 | (76,746)                 | (58,461)                 |
| Sale of investments                                     | <u>36,527</u>            | <u>49,105</u>            |
| Net cash used in investing activities                   | <u>(2,441,827)</u>       | <u>(776,602)</u>         |
| <b>Cash flows from financing activities</b>             |                          |                          |
| Issuance of long-term debt                              | 846,900                  | -                        |
| Principal payments on long-term debt                    | <u>(15,731)</u>          | <u>(15,083)</u>          |
| Net cash provided by (used in) financing activities     | <u>831,169</u>           | <u>(15,083)</u>          |
| <b>Increase (decrease) in cash and cash equivalents</b> | 118,406                  | 333,704                  |
| <b>Cash and cash equivalents at beginning of period</b> | <u>423,375</u>           | <u>89,671</u>            |
| <b>Cash and cash equivalents at end of period</b>       | <u><u>\$ 541,781</u></u> | <u><u>\$ 423,375</u></u> |

(continued)



COMMUNITY PARTNERSHIP OF THE OZARKS, INC.

STATEMENTS OF CASH FLOWS

(continued)

|  | Years ended June 30, |                     |
|--|----------------------|---------------------|
|  | 2020                 | 2019                |
| <b>Reconciliation of change in net assets to net cash provided by operating activities</b> |                      |                     |
| Change in net assets   | \$ 1,363,007         | \$ 1,165,136        |
| Adjustments to reconcile change in net assets to net cash provided by operating activities |                      |                     |
| Depreciation   | 74,778               | 59,731              |
| Unrealized gain on designated endowments   | 73,859               | (13,416)            |
| Decrease (increase) in   |                      |                     |
| Grants receivable  | (68,204)             | (186,974)           |
| Prepaid expenses   | (4,256)              | (3,444)             |
| Accounts receivable  | 7,663                | (8,305)             |
| Increase (decrease) in   |                      |                     |
| Accounts payable   | 225,206              | 199,644             |
| Accrued salaries   | (14,105)             | 26,374              |
| Accrued vacations  | 14,598               | 10,106              |
| Other liabilities  | -                    | (27,160)            |
| Deferred revenue   | 56,518               | (96,303)            |
| <b>Net cash provided by operating activities</b>   | <b>\$ 1,729,064</b>  | <b>\$ 1,125,389</b> |

The accompanying notes are an integral part of these financial statements.

# COMMUNITY PARTNERSHIP OF THE OZARKS, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

### 1. Summary of significant accounting policies

#### Nature of activities

**Community Partnership of the Ozarks, Inc.** (CPO) was incorporated on September 11, 1998 as an independently operated non-profit corporation whose mission is to facilitate and promote the building of resilient children, healthy families, and strong neighborhoods & communities through collaboration, programming, and resource development. CPO was formed from the merging of two organizations - Ozarks Fighting Back and the Community Task Force.

CPO's outcome-based services and programs cover a 21-county area in Southwest Missouri where they have taken the lead role in conducting gaps analysis regarding community needs and then developed effective collaborations, partnerships, and programming designed to address those needs. CPO focuses its efforts in four main areas – community and neighborhood development, early childhood and family development, substance misuse prevention and youth support, and affordable housing and homeless prevention to achieve the following seven core outcomes: Children, families and community members safe; children, families and community members health; young children ready to enter school; children succeeding in school; youth ready to enter productive adulthood; parents working; and strong and thriving neighborhoods.

CPO is funded primarily from federal and state grants and contracts, augmented with funding from the City of Springfield, local foundations and civic organizations, the United Way and private donations. CPO is governed by a volunteer Board of Directors that includes no paid staff of the organization. Election of the board occurs annually upon nomination by a committee of the board.

#### Basis of accounting

Revenues and expenditures are recognized on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when both measurable and available. Expenditures under the accrual basis of accounting are recorded when the liability is incurred. Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional.

#### Financial statement presentation

CPO's financial statements are presented in accordance with Financial Accounting Standards *Codification Topic 958, "Not-for-Profit Entities."* Under *Topic 958*, the Organization reports information regarding its financial position and activities according to two classes of net assets: with donor restriction and without donor restriction. The classification of net assets into two categories is based on the existence or absence of donor-imposed restrictions, stipulations that specify a use for a contributed asset that is more specific than broad limits resulting from CPO's basic mission and environment in which it operates.

### Cash and cash equivalents

For purposes of the statement of cash flows, CPO considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

### Property and equipment

Property and equipment are stated at cost or at their fair market value if donated and are reported in the net asset without donor restriction class. All long-lived assets with a cost, or fair market value if donated, of \$1,000 or greater are capitalized and depreciated. Depreciation is computed on a straight-line basis over the useful life of the asset, typically 39.5 years for buildings, and 3-10 years for furniture and equipment.

### Deferred revenue

Deferred revenue amounts, as listed on the statement of financial position, represent grant or other funds, which are available for use in future periods. Revenue recognition will occur as qualifying expenditures are made.

### Grants and contracts

Some of the more significant federal, state and local grants and contracts of CPO are:

- State Partnership Contract – including the following amendments:
  - *Capable Kids*
  - *Caring Communities*
  - *Educare*
  - *DYS – Community Mentoring*
  - *Foster Care Jobs Program*
  - *Infant Toddler Specialist Network*
- Missouri SPIRIT
- Every Child Promise
- Prevention Resource Center

Revenue earned from the above sources is recorded as support from federal and state grants and contracts in the net asset without donor restriction class when earned.

### Functional expenses

CPO allocates its expenses on a functional basis among its various programs and support services and is committed to complying with award cost reduction standards. Expenses that can be identified with a specific program are allocated directly according to their natural expenditure classification. Various statistical bases allocate other expenses that are common to several functions.

### Use of estimates

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

### Tax-exempt status

CPO is a non-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986.

CPO currently qualifies as a publicly supported organization by the IRS. For the years ended June 30, 2020 and 2019, CPO had no unrelated business activities.

### Uncertainty in income taxes

Generally Accepted Accounting Principles prescribe a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on various related matters, such as the position CPO has taken that the organization is exempt from income taxes.

CPO's income tax filings are subject to audit by various taxing authorities. CPO's open tax audit periods are 2017 through 2020. In evaluating CPO's tax positions, interpretations and tax planning strategies are considered. CPO believes their estimates are appropriate based on current facts and circumstances.

### Recent accounting pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, (ASU 2014-09) which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This guidance will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard is effective for nonpublic organizations with fiscal years beginning after December 15, 2019. The standard permits the use of either the retrospective or modified-retrospective method. CPO is evaluating the effect that ASU 2014-09 will have on its financial statements.

In February 2016, the FASB issued ASU 2016-02 *Leases*. ASU 2016-02 requires recognition of the assets and liabilities that arise from leases. The new standard is effective for fiscal years beginning after December 15, 2021. CPO is currently evaluating the effect that implementation of the new standard will have on its financial statements.

The FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*, in June 2016. Its implementation will result in a new Accounts Receivable loss accounting framework, also known as the current expected credit loss (CECL) model. CECL requires credit losses expected throughout the life of the asset to be recorded at the time of origination. Under the current incurred loss model, losses are recorded when it is probable that a loss event has occurred. The new standard will require significant operational changes, especially in data collection and analysis. The ASU is effective for interim and annual periods beginning after December 15, 2022 and is expected to increase the allowance upon adoption. CPO is assessing the standard and is in the process of reviewing the capability of its systems and processes to support the data collection and retention required to implement the new standard.

## 2. Investments

Investments at June 30, 2020 and 2019 consist of the following:

|                                   | June 30, 2020     |             |                 |
|-----------------------------------|-------------------|-------------|-----------------|
|                                   | <u>Amount</u>     | <u>Rate</u> | <u>Maturity</u> |
| Certificates of Deposit           |                   |             |                 |
| Springfield First Community Bank  | \$ 382,808        | 2.00%       | 12/24/20        |
| Total Certificates of Deposit     | 382,808           |             |                 |
| Community Foundation - short-term | 105,423           |             |                 |
| Community Foundation - long-term  | <u>466,562</u>    |             |                 |
| Total investments                 | <u>\$ 954,793</u> |             |                 |
|                                   |                   |             |                 |
|                                   | June 30, 2019     |             |                 |
|                                   | <u>Amount</u>     | <u>Rate</u> | <u>Maturity</u> |
| Depository                        |                   |             |                 |
| Certificates of Deposit           |                   |             |                 |
| Springfield First Community Bank  | \$ 375,083        | 2.10%       | 11/24/19        |
| Total Certificates of Deposit     | 375,083           |             |                 |
| Community Foundation - short-term | 104,528           |             |                 |
| Community Foundation - long-term  | <u>508,822</u>    |             |                 |
| Total investments                 | <u>\$ 988,433</u> |             |                 |

Fair market value for long-term investments held with Community Foundation were \$466,562 and 508,822 at June 30, 2020 and 2019, respectively. Cost basis for long-term investments held with Community Foundation were \$561,015 and \$528,521 at June 30, 2020 and 2019, respectively. A portion of the funds held by the Community Foundation, Inc. have been designated by the board as quasi-endowment funds and are carried at market value based on information provided by Community Foundation, Inc.

During the year ended June 30, 2020 and 2019, the unrealized gains (losses) on investments held by the Community Foundation, Inc. totaled (73,859) and \$13,416, respectively.

During the year ended June 30, 2020 and 2019, interest and dividends on all investments listed above and the operating account totaled \$74,851 and \$18,993, respectively.

### 3. Grants receivable

The Organization's primary source of revenue comes from grants that are awarded based on various federal and state contracts. The amounts receivable on grants and contracts as of June 30 are as follows:

|                   | <u>2020</u>       | <u>2019</u>       |
|-------------------|-------------------|-------------------|
| Grants receivable | <u>\$ 506,961</u> | <u>\$ 438,757</u> |

### 4. Fixed assets

Buildings, furniture, and equipment are stated at cost or fair market value, if donated, and are written off on a straight-line basis over a period as explained in Note 1. Fixed asset cost, as well as accumulated depreciation at June 30, 2020 and 2019, is as listed below:

|                               | <u>2020</u>         | <u>2019</u>         |
|-------------------------------|---------------------|---------------------|
| Equipment                     | \$ 270,827          | \$ 138,216          |
| Building & improvements       | 3,754,548           | 1,485,552           |
| Computer software             | <u>1,800</u>        | <u>1,800</u>        |
| Total fixed assets at cost    | 4,027,175           | 1,625,568           |
| Less accumulated depreciation | <u>(270,234)</u>    | <u>(195,457)</u>    |
| Total fixed assets, net       | <u>\$ 3,756,941</u> | <u>\$ 1,430,111</u> |

Additions to each asset class are described below:

|                         | <u>2020</u>         | <u>2019</u>       |
|-------------------------|---------------------|-------------------|
| Equipment               | \$ 132,611          | \$ 16,612         |
| Building & improvements | <u>2,268,996</u>    | <u>750,635</u>    |
| Total additions         | <u>\$ 2,401,607</u> | <u>\$ 767,247</u> |

Depreciation expense for the years ended June 30, 2020 and 2019 was \$74,778 and \$59,732, respectively.

## 5. Line of credit

Line of credit payable at June 30 consists of the following:

|   | <u>2020</u>       | <u>2019</u> |
|---|-------------------|-------------|
| \$350,000 unsecured line of credit to Springfield First Community Bank at an interest rate of 3.00%, matures November 5, 2020 | \$ 349,900        | \$ -        |
| Total line of credit  | <u>\$ 349,900</u> | <u>\$ -</u> |

Subsequent to year end, the line of credit to Springfield First Community Bank matured and was paid off by CPO. A new line of credit was established with Central Bank of the Ozarks for \$800,000 at an interest rate of 3.25%, maturing in September 2021.

## 6. Long-term debt

At June 30, long-term debt of the organization consisted of the following:

|  | <u>2020</u>      | <u>2019</u>       |
|--|------------------|-------------------|
| Note payable to Springfield First Community Bank, originated September 29, 2015, in the amount of \$400,000 at 3.75% for 240 months. The note is payable in monthly payments of \$2,385, which began on November 5, 2015. A single balloon payment for the remaining principal is due October 5, 2020. This note is secured by real estate located at 330 N. Jefferson, Springfield, MO. | \$ 332,030       | \$ 347,661        |
| Less current portion   | <u>(332,030)</u> | <u>(15,631)</u>   |
| Total long-term debt, less current portion   | <u>\$ -</u>      | <u>\$ 332,030</u> |

Principal payments due on long-term debt for the years ended June 30, are as follows:

| Year<br>Ending<br>June 30, |            |
|----------------------------|------------|
| <u>2021</u>                | \$ 332,030 |
| 2022                       | -          |
| 2023                       | -          |
| 2024                       | -          |
| 2025                       | -          |

Subsequent to year end, the long-term debt to Springfield First Community Bank matured and was paid off by CPO. A new loan was established with Central Bank of the Ozarks for \$329,885, maturing in October 2025 at 3.75%. The loan is secured by real estate located at 1518 E. Dale St, Springfield, MO.

**7. SBA Paycheck Protection Program**

The SBA Paycheck Protection Program at June 30 consists of the following:

|   | <u>2020</u>       | <u>2019</u> |
|---|-------------------|-------------|
| Paycheck Protection Program note payable to Central Bank at an interest rate of 1.00%, due in one installment in April 2022 | \$ 496,900        | \$ -        |
| Less: loan funds used   | <u>123,482</u>    | <u>-</u>    |
| Total SBA Paycheck Protection Program   | <u>\$ 373,418</u> | <u>\$ -</u> |

The Paycheck Protection Program is a loan designed to provide a direct incentive for small businesses to keep their workers on payroll. The Small Business Administration will forgive the loan if all employee retention criteria are met and the funds are used for eligible expenses. CPO expects this loan to be forgiven.

CPO has elected to record their PPP loan money spent on eligible expenses as grant income. As of June 30, 2020, CPO has spent \$123,482 of their PPP loan on eligible expenses.

**8. Net Assets**

Net assets without donor restriction can be classified as undesignated or board designated. Board designated net assets without donor restriction are those assets which have been designated by the CPO board for use in specific projects.

Net assets with donor restriction are those assets which have been provided by donors for use in specific projects and/or for use in a specific time period. Those funds are held in the net assets with donor restriction class until expended.

Net assets without donor restriction are available for the following purposes at June 30:

| <u>Net assets without donor restriction</u> | <u>2020</u>         | <u>2019</u>         |
|---|---------------------|---------------------|
| Undesignated                                | \$ 336,252          | \$ 343,239          |
| Board designated                            | <u>3,161,090</u>    | <u>1,441,455</u>    |
|   | <u>\$ 3,497,342</u> | <u>\$ 1,784,694</u> |

**9. Retirement plan**

CPO participates in a defined contribution retirement plan covering all employees who have completed one year of service. This plan is in accordance with Internal Revenue Code Sec. 403(b). For employees meeting eligibility requirements, CPO contributes 10% of each employee's salary to a fund administered by Mutual of America. The employer contribution for the year ended June 30, 2020 and 2019 was \$213,862 and \$199,477, respectively.



## **10. Concentration of credit risk**

CPO maintains cash balances with United Way of the Ozarks Inc., an affiliated entity, in non-interest bearing transaction accounts at financial institutions located in the Springfield, Missouri area. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation and are subject to the \$250,000 limitation. The account balance is held in a sweep account where funds are swept each night into accounts where funds are secured by government securities.

## **11. Leases**

On May 2, 2013, CPO entered into a lease agreement with the City of Springfield, for the premises at 300 East Central, Springfield, MO. The premises are leased for \$10 payable in advance of the lease for the term of one year for the purpose of the operation of the Springfield Affordable Housing Center.

## **12. Contingencies**

CPO receives a large portion of their funding for projects through various federal and state grants and contracts for specific purposes that are subject to audit by grantor agencies. Compliance audits conducted by those agencies in the future could lead to disallowed costs relating to the current period; however, CPO expects such amounts, if any, to be immaterial.

## **13. Fair value of financial instruments**

Generally Accepted Accounting Principles (GAAP) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy that prioritizes the inputs used in valuation techniques to measure fair value into three levels, with Level 1 being the highest priority.

*Level 1 inputs:* Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date.

*Level 2 inputs:* Level 2 inputs are from other than market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This includes quoted market prices of similar assets or liabilities in active markets, or quoted market prices for identical or similar assets or liabilities in markets that are not active.

*Level 3 inputs:* Level 3 inputs are unobservable and should be used to measure fair value to the extent that observable inputs are not available.

The following are major categories of assets and liabilities measured at fair value on a recurring basis during the year ended June 30, 2020 and 2019:

*Investments* - Fair values have been determined using quoted market prices.

| June 30, 2020           |                   |                   |             |                   |
|-------------------------|-------------------|-------------------|-------------|-------------------|
| Fair Value              |                   |                   |             |                   |
|                         | Level 1           | Level 2           | Level 3     | Carrying Amount   |
| <u>Financial Assets</u> |                   |                   |             |                   |
| <u>Investments</u>      |                   |                   |             |                   |
| Community Foundation    | \$ -              | \$ 571,985        | \$ -        | \$ 571,985        |
| Certificates of deposit | 382,808           | -                 | -           | 382,808           |
|                         | <u>\$ 382,808</u> | <u>\$ 571,985</u> | <u>\$ -</u> | <u>\$ 954,793</u> |
| June 30, 2019           |                   |                   |             |                   |
| Fair Value              |                   |                   |             |                   |
|                         | Level 1           | Level 2           | Level 3     | Carrying Amount   |
| <u>Financial Assets</u> |                   |                   |             |                   |
| <u>Investments</u>      |                   |                   |             |                   |
| Community Foundation    | \$ -              | \$ 613,350        | \$ -        | \$ 613,350        |
| Certificates of deposit | 375,083           | -                 | -           | 375,083           |
|                         | <u>\$ 375,083</u> | <u>\$ 613,350</u> | <u>\$ -</u> | <u>\$ 988,433</u> |

### **13. Related party transactions**

During the years ended June 30, 2020 and 2019, CPO contracted for services with individuals or businesses with a relationship to the organization as follows:

#### Leased employees

CPO leases its whole workforce from the United Way of the Ozarks, Inc., a not-for-profit corporation. CPO paid \$2,616,765 and \$2,455,705 for employee labor personnel services for the years ending June 30, 2020 and 2019, respectively, and has included these expenses with salaries and related expenses. These employees are under the direct supervision of the CPO President/CEO who makes all hiring, firing and disciplinary decisions and all activities of these employees accrue to the benefit of CPO.

#### Indirect relationship

Leslie Peck, a member of the CPO Board of Directors, has an ownership interest in an insurance agency that has written employee benefits policies for CPO with premiums totaling \$207,131 and \$204,278 for the years ending June 30, 2020 and 2019, respectively. The amount reflects premiums paid to insurance carriers, not commission paid to interested party.

Bridget Dierks, a member of the CPO Board of Directors, is the Grants Program Officer of Community Foundation of the Ozarks where CPO has endowments totaling \$444,511 and \$458,062 at June 30, 2020 and 2019, respectively. CPO also has long-term investments totaling \$127,474 and \$155,288 at June 30, 2020 and 2019, respectively.

Jason Gage, a member of the CPO Board of Directors, is employed by the City of Springfield as City Manager with whom CPO has contracts and sub awards. Expenses for the year ended June 30, 2020 and 2019 were \$359,841 and \$308,620, respectively.

Carl Rosenkranz, a member of the CPO Board of Directors, is employed by OACAC as Executive Director with whom CPO has a contract for the CLASS Project. Expenses for the year ended June 30, 2020 and 2019 were \$8,137 and \$6,480, respectively.

John Jungmann, a member of the CPO Board of Directors, is employed by Springfield Public Schools as Superintendent with whom CPO has a contract for Farm to School. Expenses for the year ended June 30, 2020 and 2019 were \$0 and \$11,293, respectively.

Scott Meier, a member of the CPO Board of Directors, is employed by Mid-West Family Broadcasting as President with whom CPO has a vendor relationship. The amount paid to Mid-West Family Broadcasting for the year ended June 30, 2020 and 2019 were \$13,247 and \$16,685, respectively.

Brad Erwin, a member of the CPO Board of Directors, is employed by Paragon Architecture as President with whom CPO has a vendor relationship. The amount paid to Paragon Architecture for the year ended June 30, 2020 was \$78,500.

Brian McDonough, a member of the CPO Board of Directors, is employed by KY3, Inc. as President/General Manager with whom CPO has a vendor relationship. The amount paid to KY3, Inc. for the year ended June 30, 2020 was \$9,999.

Joselyn Baldner, a member of the CPO Board of Directors, is employed by Central Bank of the Ozarks as Executive Vice President Chief Retail Officer where CPO has an SBA PPP Loan totaling \$496,900 at June 30, 2020. CPO also has a checking account totaling \$373,418 at June 30, 2020.

#### **14. Liquidity and availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise of the following at June 30:

|  | <u>2020</u>       | <u>2019</u>       |
|--|-------------------|-------------------|
| Financial assets, as of June 30:   |                   |                   |
| Cash and cash equivalents  | \$ 418,299        | \$ 423,375        |
| Certificates of deposit  | 488,231           | 479,611           |
| Grants receivable  | <u>506,961</u>    | <u>438,757</u>    |
|  | <u>1,413,491</u>  | <u>1,341,743</u>  |
| Less assets unavailable for general expenditure:   |                   |                   |
| Accounts payable   | 481,103           | 255,897           |
| Accrued salaries   | 44,805            | 58,910            |
| Net assets with donor restriction  | <u>411,049</u>    | <u>760,690</u>    |
|  | <u>936,957</u>    | <u>1,075,497</u>  |
| Financial assets available to meet cash needs for<br>general expenditure within one year | <u>\$ 476,534</u> | <u>\$ 266,246</u> |

CPO's financial assets consist of grant and program income used to support the community. As such, most of the financial assets on hand are reserved for use in various programs. CPO has maintained a balance of funds for their own operations as well.

## **15. Subsequent events**

In preparing these financial statements, CPO has evaluated events and transactions for potential recognition or disclosure through November 11, 2020, the date the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

**COMMUNITY PARTNERSHIP OF THE OZARKS, INC.**  
**COMBINING SCHEDULE - ALL CPO PROGRAM SERVICES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

|   | Total state<br>partnership<br>contract | Total federal<br>partnership<br>contract | Total all<br>other<br>programs | Total all<br>program<br>services |
|---|--|--|--------------------------------|----------------------------------|
| Salaries and related expenses                         | \$ 1,087,070                           | \$ 610,094                               | \$ 666,924                     | \$2,364,088                      |
| Professional fees                                     | 14,011                                 | 5,533                                    | 122,745                        | 142,289                          |
| Program supplies and materials                        | 439,738                                | 84,042                                   | 160,409                        | 684,189                          |
| Telephone   | 6,927                                  | 3,211                                    | 11,441                         | 21,579                           |
| Occupancy   | 40,084                                 | 25,096                                   | 11,284                         | 76,464                           |
| Insurance   | 5,424                                  | 1,948                                    | 11,860                         | 19,232                           |
| Printing  | 2,979                                  | 9,289                                    | 8,378                          | 20,646                           |
| Local travel  | 25,131                                 | 10,622                                   | 5,481                          | 41,234                           |
| Trainings   | 24,520                                 | 7,940                                    | 39,581                         | 72,041                           |
| Educational programming                               | 2,411                                  | 1,232                                    | (412)                          | 3,231                            |
| Membership dues                                       | 30,695                                 | 4,797                                    | 8,935                          | 44,427                           |
| Equipment maintenance                                 | 3,327                                  | 1,250                                    | 4,306                          | 8,883                            |
| Public education                                      | 1,527                                  | 40,676                                   | 306,222                        | 348,425                          |
| Indirect cost reimbursement                           | 205,553                                | 77,643                                   | 80,112                         | 363,308                          |
| Contractual services                                  | 562,754                                | 121,563                                  | 130,656                        | 814,973                          |
| Miscellaneous expense                                 | -                                      | -  | 5,406                          | 5,406                            |
| <b>Total expenses before transfers to other funds</b> | 2,452,151                              | 1,004,936                                | 1,573,328                      | 5,030,415                        |
| Transfers for equipment purchases                     | 48,249                                 | 29,668                                   | 11,201                         | 89,118                           |
| <b>Total expenses and transfers</b>                   | <u>\$ 2,500,400</u>                    | <u>\$ 1,034,604</u>                      | <u>\$ 1,584,529</u>            | <u>\$5,119,533</u>               |

See Independent Auditor's Report.

**COMMUNITY PARTNERSHIP OF THE OZARKS, INC.**

**COMBINING SCHEDULE - STATE PARTNERSHIP CONTRACTS**

**FOR THE YEAR ENDED JUNE 30, 2020**

|   | Capable<br>Kids   | Caring<br>Communities | DYS -<br>Community<br>Mentoring | Educare           | Home<br>Visitation | First Birthday<br>Project: Safe<br>Sleep, Safe Baby | Foster Care<br>Jobs<br>Program | Infant Toddler<br>Specialist<br>Network | Total state<br>partnership<br>contract |
|---|-------------------|-----------------------|---------------------------------|-------------------|--------------------|---|--------------------------------|---|--|
| Salaries and related expenses                             | \$ 73,061         | \$ 490,839            | \$ 76,203                       | \$ 220,790        | \$ 21,338          | \$ 97,427   | \$ -                           | \$ 107,412                              | \$ 1,087,070                           |
| Professional fees   | 1,243             | 5,912                 | 1,506                           | 2,530             | 673                | 101   | -                              | 2,046                                   | 14,011                                 |
| Program supplies and materials                            | 19,875            | 15,900                | 12,751                          | 37,917            | 3,499              | 45,597  | 172,154                        | 132,045                                 | 439,738                                |
| Telephone   | 184               | 1,465                 | 472                             | 1,801             | 83                 | 2,267   | -                              | 655                                     | 6,927                                  |
| Occupancy   | 7,378             | 9,338                 | 2,241                           | 11,327            | 1,106              | 4,414   | -                              | 4,280                                   | 40,084                                 |
| Insurance   | 242               | 1,504                 | 214                             | 684               | 125                | 382   | 1,781                          | 492                                     | 5,424                                  |
| Printing  | 50                | 1,493                 | 363                             | 773               | -                  | 180   | -                              | 120                                     | 2,979                                  |
| Local travel  | 1,825             | 1,629                 | 1,862                           | 8,699             | 804                | 8,389   | -                              | 1,923                                   | 25,131                                 |
| Trainings   | 1,799             | 1,391                 | 2,195                           | 7,093             | 1,300              | -   | -                              | 10,742                                  | 24,520                                 |
| Educational programming                                   | 40                | 1,416                 | 65                              | 125               | -                  | 75  | -                              | 690                                     | 2,411                                  |
| Membership dues   | 5,320             | 815                   | 965                             | 480               | 51                 | 20,607  | -                              | 2,457                                   | 30,695                                 |
| Equipment maintenance                                     | 114               | 1,393                 | -                               | 524               | -                  | -   | -                              | 1,296                                   | 3,327                                  |
| Public education  | -                 | 1,527                 | -                               | -                 | -                  | -   | -                              | -                                       | 1,527                                  |
| Indirect cost reimbursement                               | 11,364            | 40,822                | 9,796                           | 29,589            | 2,329              | 17,534  | 71,488                         | 22,631                                  | 205,553                                |
| Contractual services                                      | 355               | 319                   | 187                             | 1,135             | 139                | 9   | 560,536                        | 74                                      | 562,754                                |
| <b>Total expenses before<br/>transfers to other funds</b> | <b>122,850</b>    | <b>575,763</b>        | <b>108,820</b>                  | <b>323,467</b>    | <b>31,447</b>      | <b>196,982</b>                                      | <b>805,959</b>                 | <b>286,863</b>                          | <b>2,452,151</b>                       |
| Transfers for equipment purchases                         | 2,150             | 7,404                 | 1,300                           | 18,635            | -                  | 100   | -                              | 18,660                                  | 48,249                                 |
| <b>Total expenses and transfers</b>                       | <b>\$ 125,000</b> | <b>\$ 583,167</b>     | <b>\$ 110,120</b>               | <b>\$ 342,102</b> | <b>\$ 31,447</b>   | <b>\$ 197,082</b>                                   | <b>\$ 805,959</b>              | <b>\$ 305,523</b>                       | <b>\$ 2,500,400</b>                    |

See Independent Auditor's Report.

**COMMUNITY PARTNERSHIP OF THE OZARKS, INC.**  
**COMBINING SCHEDULE - PROGRAMS EXCLUDING STATE PARTNERSHIP CONTRACTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

|   | CARA Local<br>Drug Crises | M.S.O.M. (Making<br>Sense of Money)<br>Fin. Literacy (CDBG) | Mental Health<br>Awareness<br>Training | One<br>Door<br>(CDBG) | Prevention<br>Resource<br>Center | S.P.I.R.I.T.<br>Program | VITA<br>(Volunteer Income<br>Tax Assistance) | PRC - Opioid<br>(SOR) | Total federal<br>partnership<br>contract |
|---|---------------------------|---|--|-----------------------|----------------------------------|-------------------------|--|-----------------------|--|
| Salaries and related expenses                         | \$ 13,865                 | \$ 16,796   | \$ 34,518                              | \$ 104,468            | \$ 297,562                       | \$ 87,045               | \$ 31,606                                    | \$ 24,234             | \$ 610,094                               |
| Professional fees                                     | 122                       | -   | 387                                    | -                     | 3,457                            | 846                     | -  | 721                   | 5,533                                    |
| Program supplies and materials                        | 6,452                     | -   | 21,071                                 | -                     | 25,229                           | 24,763                  | 3,819  | 2,708                 | 84,042                                   |
| Telephone   | 24                        | -   | 179                                    | -                     | 1,743                            | 862                     | 243  | 160                   | 3,211                                    |
| Occupancy   | 878                       | -   | 1,487                                  | -                     | 17,061                           | 4,395                   | 500  | 775                   | 25,096                                   |
| Insurance   | 97                        | -   | 247                                    | -                     | 1,165                            | 439                     | -  | -                     | 1,948                                    |
| Printing  | 728                       | -   | 100                                    | -                     | 3,590                            | 723                     | 40   | 4,108                 | 9,289                                    |
| Local travel  | 21                        | -   | 165                                    | -                     | 7,916                            | 896                     | 597  | 1,027                 | 10,622                                   |
| Trainings   | 1,084                     | -   | 1,330                                  | -                     | 4,485                            | 1,041                   | -  | -                     | 7,940                                    |
| Educational programming                               | -                         | -   | 23                                     | -                     | 1,125                            | 84                      | -  | -                     | 1,232                                    |
| Membership dues                                       | 13                        | -   | 42                                     | -                     | 4,211                            | 347                     | 106  | 78                    | 4,797                                    |
| Equipment maintenance                                 | 1                         | -   | 244                                    | -                     | 882                              | 1                       | 30   | 92                    | 1,250                                    |
| Public education                                      | 15,823                    | -   | 6,400                                  | -                     | 13,453                           | -                       | 5,000  | -                     | 40,676                                   |
| Indirect cost reimbursement                           | 2,563                     | -   | 7,658                                  | -                     | 39,149                           | 20,669                  | 4,384  | 3,220                 | 77,643                                   |
| Contractual services                                  | 8,279                     | -   | 29,531                                 | -                     | 2,284                            | 79,435                  | 2,000  | 34                    | 121,563                                  |
| <b>Total expenses before transfers to other funds</b> | <b>49,950</b>             | <b>16,796</b>   | <b>103,382</b>                         | <b>104,468</b>        | <b>423,312</b>                   | <b>221,546</b>          | <b>48,325</b>                                | <b>37,157</b>         | <b>1,004,936</b>                         |
| Transfers for equipment purchases                     | 700                       | -   | -                                      | -                     | 24,181                           | 4,787                   | -  | -                     | 29,668                                   |
| <b>Total expenses and transfers</b>                   | <b>\$ 50,650</b>          | <b>\$ 16,796</b>  | <b>\$ 103,382</b>                      | <b>\$ 104,468</b>     | <b>\$ 447,493</b>                | <b>\$ 226,333</b>       | <b>\$ 48,325</b>                             | <b>\$ 37,157</b>      | <b>\$ 1,034,604</b>                      |

See Independent Auditor's Report.