

**FINANCIAL STATEMENT AUDIT REPORT OF
ORANGE COUNTY PARTNERSHIP
FOR YOUNG CHILDREN
CHAPEL HILL, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2015**

**BOARD OF DIRECTORS
SHARON RINGWALT, PRESIDENT**

**ADMINISTRATIVE OFFICER
ROBIN PULVER, EXECUTIVE DIRECTOR**

**Orange County Partnership for Young Children
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June 30, 2015**

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INDEPENDENT AUDITOR'S REPORT

To the Board Members
Orange County Partnership for Young Children
Chapel Hill, North Carolina

Report on Financial Statements

We have audited the accompanying statement of receipts, expenditures, and net assets – modified cash basis of Orange County Partnership for Young Children as of and for the year ended June 30, 2015, and the related statement of functional expenditures – modified cash basis for the year then ended and the related notes to the financial statements.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with modified cash basis of accounting described in Note 1; this includes determining that the modified basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 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

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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 statement of receipts, expenditures and net assets of Orange County Partnership for Young Children, as of and for the year ended June 30, 2015, and the statement of functional expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Other Matter

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Report on Supplementary Information

Schedule 2 on page 18 and Schedule 5 on page 21 are not a required part of the basic financial statements but are supplementary information required by the North Carolina Office of the State Auditor. In accordance with auditing standards generally accepted in the United States of America, we have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion or provide any assurance on Schedule 2 and 5.

Our audit was conducted for the purpose of forming an opinion on the financial statements of Orange County Partnership for Young Children. The accompanying supplementary Schedules 1, 3 and 4 are also 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 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 January 29, 2016, on our consideration of Orange County Partnership for Young Children'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 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 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 the Orange County Partnership for Young Children's internal control over financial reporting and compliance.

Winston, Williams, Creech, Evans & Company, LLP

Oxford, North Carolina
January 29, 2016

Orange County Partnership for Young Children, Inc.
Statement of Receipts, Expenditures, and Net Assets - Modified Cash Basis
For the Year Ended June 30, 2015

Exhibit A

	Unrestricted Funds		Temporarily Restricted Funds	Total Funds
	Smart Start Funds	Other Funds		
Receipts:				
State Awards and Contracts	\$ 1,076,496	\$ 1,725,867	\$ -	\$ 2,802,363
Local Awards	-	4,500	-	4,500
Private Contributions	-	69,159	124,491	193,650
Special Fund Raising Events	-	3,719	-	3,719
Interest and Investment Earnings	-	409	-	409
Sales Tax Refunds	-	1,134	-	1,134
Other Receipts	-	4,552	-	4,552
Total Receipts	1,076,496	1,809,340	124,491	3,010,327
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	-	42,895	(42,895)	-
	1,076,496	1,852,235	81,596	3,010,327
Expenditures:				
Programs:				
Child Care and Education Quality	104,950	121,846	-	226,796
Family Support	175,625	65,575	-	241,200
Health and Safety	175,100	149,812	-	324,912
NC Pre-K	338,560	1,553,788	-	1,892,348
Support:				
Management and General	156,260	3,592	-	159,852
Program Coordination and Evaluation	126,001	2,345	-	128,346
Other:				
Refund of Prior Year Grant	-	17	-	17
Sales Tax Paid	-	4,435	-	4,435
Total Expenditures	1,076,496	1,901,410	-	2,977,906
Excess/Deficiency of Receipts Over Expenditures	-	(49,175)	81,596	32,421
Net Assets at Beginning of Year	-	216,457	124,931	341,388
Net Assets at End of Year	\$ -	\$ 167,282	\$ 206,527	\$ 373,809
Net Assets Consisted of:				
Cash and Cash Equivalents	\$ -	\$ 186,272	\$ 206,527	\$ 392,799
	-	186,272	206,527	392,799
Less: Funds Held for Others	-	18,990	-	18,990
TOTAL NET ASSETS	\$ -	\$ 167,282	\$ 206,527	\$ 373,809

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

Orange County Partnership for Children, Inc.
Statement of Functional Expenditures - Modified Cash Basis
For the Year Ended June 30, 2015

Exhibit B

	Total	Personnel	Contracted Services	Supplies and Materials	Other Operating Expenditures	Fixed Charges and Other Expenditures	Property and Equipment Outlay	Services/ Contracts/ Grants
Smart Start Funds:								
Programs:								
Child Care and Education Quality	\$ 104,950	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,950
Family Support	175,625	46,334	35,410	754	4,869	5,352	3,553	79,353
Health and Safety	175,100	41,646	-	-	3,329	25	-	130,100
NC Pre-K	338,560	59,889	162	2,969	2,072	850	2,618	270,000
	<u>794,235</u>	<u>147,869</u>	<u>35,572</u>	<u>3,723</u>	<u>10,270</u>	<u>6,227</u>	<u>6,171</u>	<u>584,403</u>
Support:								
Management and General	156,260	50,722	50,811	3,558	19,892	23,034	8,243	-
Program Coordination and Evaluation	126,001	86,093	22,405	562	2,107	9,240	5,594	-
	<u>282,261</u>	<u>136,815</u>	<u>73,216</u>	<u>4,120</u>	<u>21,999</u>	<u>32,274</u>	<u>13,837</u>	<u>-</u>
Total Smart Start Fund Expenditures	<u>\$ 1,076,496</u>	<u>\$ 284,684</u>	<u>\$ 108,788</u>	<u>\$ 7,843</u>	<u>\$ 32,269</u>	<u>\$ 38,501</u>	<u>\$ 20,008</u>	<u>\$ 584,403</u>
Other Funds:								
Programs:								
Child Care and Education Quality	\$ 121,846	\$ -	\$ 4,500	-	\$ -	\$ -	\$ -	\$ 117,346
Family Support	65,575	19,924	12,853	920	1,047	-	-	30,831
Health and Safety	149,812	63,057	36,727	22,293	6,717	5,162	8,822	7,034
NC Pre-K	1,553,788	45,923	10,639	1,425	721	4,000	-	1,491,080
	<u>1,891,021</u>	<u>128,904</u>	<u>64,719</u>	<u>24,638</u>	<u>8,485</u>	<u>9,162</u>	<u>8,822</u>	<u>1,646,291</u>
Support:								
Management and General	3,592	-	-	848	1,477	1,267	-	-
Program Coordination and Evaluation	2,345	909	43	102	1,291	-	-	-
	<u>5,937</u>	<u>909</u>	<u>43</u>	<u>950</u>	<u>2,768</u>	<u>1,267</u>	<u>-</u>	<u>-</u>
Other:								
Refund of Prior Year Grant	17	-	-	-	-	17	-	-
Sales Tax Paid	4,435	-	-	4,435	-	-	-	-
	<u>4,452</u>	<u>-</u>	<u>-</u>	<u>4,435</u>	<u>-</u>	<u>17</u>	<u>-</u>	<u>-</u>
Total Other Funds Expenditures	<u>\$ 1,901,410</u>	<u>\$ 129,813</u>	<u>\$ 64,762</u>	<u>\$ 30,023</u>	<u>\$ 11,253</u>	<u>\$ 10,446</u>	<u>\$ 8,822</u>	<u>\$ 1,646,291</u>

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

ORANGE COUNTY PARTNERSHIP FOR CHILDREN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

- A. Organization and Purpose** - The Orange County Partnership for Young Children (Orange County Partnership) is a legally separate nonprofit organization incorporated on August 24, 1993. The Orange County Partnership was established to develop and provide, through public and private means, early childhood education and developmental services for children and families. The Orange County Partnership is tax-exempt as an organization described in Section 501(c)(3) of the Internal Revenue Code.
- B. Basis of Presentation** - The accompanying financial statements present all funds for which the Orange County Partnership for Young Children Board of Directors is responsible. Pursuant to the provisions of Financial Accounting Standards Board's Accounting Standard for *Not-For-Profit Entities*, the accompanying financial statements present information according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by this Standard, temporarily restricted contributions received and expended in the same year are reported as unrestricted receipts rather than as temporarily restricted receipts.

Contributions that are temporarily restricted and not expended within the year received are reported as an increase in temporarily restricted net assets. When the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Receipts, Expenditures, and Net Assets as net assets released from restrictions.

The Orange County Partnership for Young Children did not have any permanently restricted net assets at June 30, 2015.

- C. Basis of Accounting** - The accompanying financial statements were prepared on the modified cash basis of accounting. This basis differs from accounting principles generally accepted in the United States of America primarily because it recognizes long lived assets and other costs which benefit more than one period as expended in the year purchased; it recognizes revenue when received rather than when earned; and it recognizes expenditures when paid rather than when incurred.

However, unexpended advances to contractors that revert back to the State of North Carolina are recognized as a reduction to expenditures and an increase to net assets. In addition, amounts withheld from employee

paychecks or other amounts received in an agency capacity are recorded as funds held for others. Additionally, Smart Start funds advanced to the Local Partnership that are unexpended and unearned at year end are recorded as funds Due to the State.

- D. Cash and Cash Equivalents** - This classification appears on the Statement of Receipts, Expenditures, and Net Assets – Modified Cash Basis and includes all demand and savings accounts and certificates of deposit and other short-term investments with an original maturity of three months or less.
- E. Funds Held For Others** - Funds Held for Others includes amounts received that are fiduciary in nature in which the Orange County Partnership for Young Children acts in an agency capacity. For the year ended June 30, 2015, the Orange County Partnership for Young Children was holding amounts withheld from employee paychecks in the amount of \$81 for Employee Family Dental to be paid July 2015. In addition, the Orange County Partnership for Young Children was holding \$18,909 in agency funds for the Farmer’s Market.
- F. Property and Equipment** - Under the modified cash basis of accounting, purchases of property and equipment are reported as expenditures in the year incurred. However, Orange County Partnership for Young Children is required by contract regulation to track and maintain property and equipment items as presented in Schedule 4 of this report. The Orange County Partnership for Young Children has a policy to track purchases of property and equipment items with an individual cost of \$500 or more and an estimated useful life greater than one year. Such items are valued at their original purchase price, which may be different from their valuation as of June 30, 2015. Donated items are recorded on the property and equipment log at estimated fair market value at the date of donation.
- G. Compensated Absences** - As a result of the use of the modified cash basis of accounting, liabilities related to accrue compensated absences are not recorded in the financial statements. Expenditures related to compensated absences are recorded when paid. The amount of accrued compensated absences for accumulated, unpaid leave that would be due to employees upon termination is reported as a commitment in Note 9.
- H. Use of Estimates** - The preparation of financial statements in conformity with the modified cash basis of accounting used by the Orange County Partnership for Young Children requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as allocation of joint costs); accordingly, actual results could differ from those estimates. It is management’s belief that these estimates are reasonable and fair.

NOTE 2 - DEPOSITS

All funds of the Orange County Partnership are deposited with PNC and insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Deposits over insured amounts subjects the Orange County Partnership to a concentration of credit risk. At June 30, 2015, the Orange County Partnership's bank deposits in excess of the FDIC insured limit was \$194,461.

NOTE 3 - FUNDING FROM GRANT AWARDS AND CONTRACTS

Smart Start Program - The Orange County Partnership for Young Children major source of revenue and support is from the State of North Carolina based on cost-reimbursement contracts with The North Carolina Partnership for Children, Inc. (NCPC) for the Smart Start program. A significant reduction in the level of funding from the State could have an adverse effect on the operations of the Orange County Partnership for Young Children and represents a concentration of credit risk as to the generation of revenue.

Associated with these contracts, the Orange County Partnership for Young Children is responsible for developing a comprehensive, collaborative, long-range plan of services to children and families for the service-delivery area. During the year, the North Carolina Department of Health and Human Services (DHHS) entered into contracts with and made payments to service providers selected by the Orange County Partnership for Young Children. These service provider contracts are not reflected on the accompanying financial statements. However, a summary of the service provider contracts entered into by DHHS is presented on Schedule 2 accompanying the financial statements.

The Orange County Partnership for Young Children was awarded and has received \$1,084,476 under a current year Smart Start contract with NCPC. The unexpended balance of this contract is subject to reversion to the State. The Orange County Partnership for Young Children has expended all awarded funds and therefore has returned none of this contract to the State based on financial status reports submitted to NCPC subsequent to June 30, 2015. There was a reversion of the prior year's funding in the current fiscal year of \$7,980.

The Orange County Partnership for Young Children expects to receive continued funding through new Smart Start contracts with the State.

NC Pre-K - The Orange County Partnership for Young Children also received revenue and support from the State of North Carolina for the NC Pre-K program. The Orange County Partnership for Young Children was awarded \$1,553,802 and received \$1,553,802 under a current year financial assistance contract.

The Orange County Partnership for Young Children expects to receive continued funding through new NC Pre-K contracts with the State.

Community Response Project - The Orange County Partnership also received revenue and support from North Carolina Department of Health and Human Services, Division of Social Services (DSS) for the Community Response Project (CRP) The Orange County Partnership was awarded \$100,000 and received \$63,428 under a current year financial assistance service contract.

The Orange County Partnership expects to receive continued funding through DSS.

Incredible Years – The Partnership also received revenue and support from the North Carolina Department of Health and Human Services, Division of Social Services, for the Incredible Years project (IY). The Partnership was awarded \$125,000 and received \$108,637 under a current year financial assistance service contract.

The Orange County Partnership expects to receive continued funding through DSS.

NOTE 4 - RELATED PARTY TRANSACTIONS

Service Provider Contracts with Board Member Organizations - The board members of the Orange County Partnership are representative of various organizations that benefit from actions taken by the Board. It is the policy of the Orange County Partnership that board members not be involved with decisions regarding organizations they represent. During the year, the Orange County Partnership entered into contracts with board member organizations for program activities as identified on Schedule 1 accompanying the financial statements. In addition, Schedule 2 identifies contracts entered into by DHHS with board member organizations for activities funded by the Orange County Partnership's Smart Start Allocation.

NOTE 5 - FUNCTIONAL EXPENDITURES

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Receipts, Expenditures, and Net Assets – Modified Cash Basis. Also, the Statement of Functional Expenditures – Modified Cash Basis, provides detail of the functional costs by their natural classification. Following are the services associated with the functional categories presented in the accompanying financial statements and the methods utilized to allocate joint cost:

A. Program Functions

Child Care and Education Quality - Used to account for service activities including quality enhancement grants for upgrades, quality enhancement grants for maintenance, professional development, and child care substitutes

Family Support - Used to account for service activities including parenting skills training, general family support, family crisis intervention, family literacy projects, community outreach information and resources.

Health and Safety - Used to account for service activities including oral health services, child care health consultants, special needs – early intervention services/special education, nutrition programs, and intensive home visiting.

NC Pre-K - Used to account for development and implementation of NC Pre-K prekindergarten program for at-risk four-year-olds who are at risk of failure in kindergarten. The goal is to provide quality prekindergarten services in order to enhance kindergarten readiness.

B. Support Functions

Management and General - Expenditures that are not identifiable with a single program or fund-raising activity but are indispensable to the conduct of those activities and to an organization's existence, including expenditures for the overall direction of the organization, its general board activities, business management, general recordkeeping, budgeting, and related purposes.

Program Coordination and Evaluation - Expenditures that are incurred to coordinate the policies, procedures, and daily practices of service delivery. Also, costs associated with monitoring in-house and direct service provider activities as to the delivery of services and adherence to the specific terms and conditions of the contracts.

C. Allocation of Joint Costs

Expenditures benefiting more than one purpose were allocated as follows:

Salaries and Benefits - Direct allocation based on employee time reports.

Other Costs - Other costs including occupancy cost (rent, utilities and maintenance), supplies and materials, and communication costs (telephone and printing) were indirectly allocated based on utilization data.

NOTE 6 - LEASE OBLIGATIONS

Operating Lease Obligations – There are no future minimum lease payments under non-cancelable operating leases consist of the following at June 30, 2015:

Rental expense for all operating leases during the year was \$38,995.

Note 7 - Pension Plan

IRC Section 403(b) Plan- All permanent employees who are at least half time can participate in a tax sheltered annuity plan (Plan) created under Internal Revenue Code Section 403(b). The employee’s eligible contributions, made through salary reduction agreements, are exempt from federal and State income taxes until the annuity is received or the contributions are withdrawn. These Plans are exclusively for employees of universities and certain charitable and other nonprofit organizations. All costs of administering and funding these Plans are the responsibility of the Plan participants. No costs were incurred by the Orange County Partnership.

AND

IRC Section 403(b) Plan- All permanent employees who are at least half time can participate in a tax sheltered annuity plan (Plan) created under Internal Revenue Code Section 403(b). The Plan is a defined contribution plan in which each employee of the Orange County Partnership, as a condition of employment, is provided an individual annuity through an outside insurance company. The Orange County Partnership contributed \$100 per month for each full time employee and part-time employee over 20 hours per week with six (6) months of employment for the year ended June 30, 2015. These Plans are exclusively for employees of universities and certain charitable and other nonprofit organizations. The Orange County Partnership contributed \$7,400 for retirement benefits and administrative fees during the year.

NOTE 8 - RISK MANAGEMENT

The Orange County Partnership for Young Children is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees’ health and life; and natural disasters. The Orange County Partnership for Young Children manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
Torts, errors and omissions, health and life	Purchased commercial insurance	None
Workers Compensation - employee injuries	Purchased commercial insurance	None
Physical property loss and natural disasters	Purchased commercial insurance	None

Management believes such coverage is sufficient to preclude any significant losses to the Orange County Partnership for Young Children. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Compensated Absences - As a result of the Orange County Partnership for Young Children use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation only; sick leave does not vest) and any employer-related costs earned and unpaid, are not reflected in the financial statements. The compensated absences commitment for vacation leave at June 30, 2015, is \$26,340. No funds or reservation of net assets has been made for this commitment.

NOTE 10 - RESTRICTIONS ON NET ASSETS

A. **Temporarily Restricted Net Assets**- Temporarily Restricted Net Assets at June 30, 2015, are available for the following purposes:

Purpose	Amount
Healthy Kids Campaign	\$ 27,968
Community Gardens	700
Transplanting Traditions	171,142
BCBS Shape NC	5,000
UNC Apples	1,250
Shape NC	<u>467</u>
Total	<u>\$ 206,527</u>

B. **Net Assets Released from Donor Restrictions**-Net assets were released from donor. Restrictions during the fiscal year ended June 30, 2015, by incurring expenditures satisfying the restricted purpose as follows:

Purpose	Amount
Community Gardens	\$ 819
Transplanting Traditions	<u>42,076</u>
Total	<u>\$ 42,895</u>

NOTE 11 - INCOME TAXES

The Orange County Partnership is exempt from payment of income taxes under the provision of Section 501(c)(3) of the Internal Revenue Code, except to the extent of taxes on any unrelated business income.

FASB ASC 740 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements.

FASB ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing financial statements to determine whether the tax positions are “more-likely-than-not” to be sustained by the applicable tax authority. The adoption of FASB ASC 740 did not have a significant impact on the financial statements of the Orange County Partnership.

The Orange County Partnership for Young Children does not believe there are any unrecognized tax benefits or costs as of June 30, 2015. Income tax returns from 2012 through 2015 are open to examination by the tax authorities

NOTE 12 - SUBSEQUENT EVENTS

The Orange County Partnership for Young Children has evaluated events and transactions that occurred between June 30, 2015 and January 29, 2016, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. Events or transactions that provided evidence about conditions that did not exist at June 30, 2015 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2015.

This information is an integral part of the financial statements.

SUPPLEMENTARY SCHEDULES

Orange County Partnership for Young Children, Inc.
Schedule of Contract and Grant Expenditures - Modified Cash Basis
For the Year Ended June 30, 2015

Schedule 1

Organization Name	Smart Start Funds		Other Funds	
	Amount Advanced	Refund Due	Amount Advanced	Refund Due
Organizations:				
* Alphabet Soup	\$ -	\$ -	\$ 237,500	\$ -
* Chapel Hill Carrboro Schools	104,500	-	558,482	-
Chapel Hill Cooperative Preschool	-	-	200	-
Chapel Hill Training Outreach	51,000	-	117,546	-
* Chapel Hill Training Outreach-Children's Learning Center	18,600	-	40,300	-
* Chapel Hill Training Outreach-Headstart	-	-	230,264	-
Child Care Services Association	104,950	-	-	-
* Community School for People Under Six	-	-	99,000	-
* Orange County Schools	76,500	-	264,638	-
* Orange County Department of Social Services	-	-	30,510	-
* Orange County Health Department	39,100	-	-	-
* Orange County Literacy Council	48,000	-	-	-
Piedmont Health Services	40,000	-	-	-
* Spanish for Fun	70,400	-	63,410	-
The University Child Care Center	-	-	200	-
University of North Carolina at Chapel Hill	30,020	-	-	-
	<u>583,070</u>	<u>-</u>	<u>1,642,050</u>	<u>-</u>
Individuals:				
Nutrition and Physical Activity-Farmer's Market Educational Stipends	-	-	1,600	-
Nutrition and Physical Activity-UNC Interns Stipends	-	-	2,320	-
Reach Out and Read-Program Materials	1,333	-	-	-
Program Incentives	-	-	321	-
	<u>1,333</u>	<u>-</u>	<u>4,241</u>	<u>-</u>
	<u>\$ 584,403</u>	<u>\$ -</u>	<u>\$ 1,646,291</u>	<u>\$ -</u>

* These organizations are represented on the Partnership's Board as described in Note 4 - Service Provider Contracts with Board Member Organizations.

***Orange County Partnership for Young Children
Schedule of State Level Service Provider Contracts
For the Fiscal Year Ended June 30, 2015***

Schedule 2

Organization Name	DHHS Contracts
* Orange County Department of Social Services	904,534
* Child Care Services Association - WAGE\$ Program	31,695
	\$ 936,229

* These organizations are represented on the Partnership's Board as described in Note 4 - Service Provider Contracts with Board Member Organizations.

The information on this schedule provides a listing of service provider contracts entered into by the North Carolina Department of Health and Human Services (DHHS) as described in Note 3 - Funding from Grant Awards and Contracts.

Orange County Partnership for Young Children, Inc.
Schedule of Federal and State Awards - Modified Cash Basis
For the Year Ended June 30, 2015

Schedule 3

Federal/State Grantor/Pass-through Grantor/Program	Federal CFDA Number	Contract #	Receipts	Expenditures
Federal Awards:				
U.S. Department of Education				
Pass-through from North Carolina Department of Health and Human Services				
Pass-through from the North Carolina Partnership for Children, Inc.				
RTT-ELC Grant - ABCD Grant (Prior Year)	84.412	#320-12-13-017	\$ -	\$ 17
Total Federal Awards			<u>\$ -</u>	<u>\$ 17</u>
State Awards:				
North Carolina Department of Health and Human Services				
Division of Child Development and Early Education				
Pass-through from the North Carolina Partnership for Children, Inc.				
Early Childhood Initiatives Program (Prior Year)			\$ (7,980)	\$ (7,980)
Early Childhood Initiatives Program (Current Year)	*	NA	1,084,476	1,084,476
North Carolina Department of Health and Human Services				
Division of Child Development and Early Education				
NC Pre-K	*	30169	1,553,802	1,553,802
North Carolina Department of Health and Human Services				
Division of Social Services				
Community Response Project		30443-15	63,428	61,711
Incredible Years		30432-15	108,637	121,846
Total State Awards			<u>\$ 2,802,363</u>	<u>\$ 2,813,855</u>
Total Federal and State Awards			<u>\$ 2,802,363</u>	<u>\$ 2,813,872</u>

* Programs with compliance requirements that have a direct and material effect on the financial statements.

***Orange County Partnership for Young Children
Schedule of Property and Equipment - Modified Cash Basis
For the Fiscal Year Ended June 30, 2015***

Schedule 4

Furniture and Noncomputer Equipment	\$ 28,469
Computer Equipment/Printers	21,719
Total Property and Equipment	<u>\$ 50,188</u>

Note: The information on this schedule provides a summary of property and equipment with acquisition or donated cost of \$500 or more which were held by the Partnership at year end. The valuations represent historical cost. On the modified cash basis of accounting, these items are expensed in the year of purchase.

***Orange County Partnership for Young Children
Schedule of Qualifying Match (Non-GAAP)
For the Fiscal Year Ended June 30, 2015***

Schedule 5

Match Provided at the Partnership Level:

Cash	\$ 174,483
In-Kind Goods and Services	3,912
	<hr/>
	\$ 178,395
	<hr/> <hr/>

Match Provided at the Contractor Level:

Cash	\$ 120,666
In-Kind Goods and Services	29,525
	<hr/>
	\$ 150,191
	<hr/> <hr/>

Note: This schedule is presented in accordance with the program match requirement as provided for by North Carolina Session Law 2014-100, Section 12B.9.(d). The match is comprised of both cash and in-kind amounts. Only in-kind contributions that are verifiable, quantifiable, and related to the Smart Start Program can be applied to the in-kind match requirement, including volunteer services. The law allows for volunteer services to be valued for match purposes, a concept that deviates from generally accepted accounting principles. This schedule identifies those amounts allowable for this partnership in meeting the statewide match requirement.

Winston, Williams, Creech, Evans, & Company, LLP

Certified Public Accountants



America Counts on CPAs

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Members of
Orange County Partnership for Young Children
Chapel Hill, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Orange County Partnership for Young Children (a nonprofit organization), which comprise the statement of receipts, expenditures, and net assets – modified cash basis as of June 30, 2015, and the related statement of functional expenditures – modified cash basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 29, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Orange County Partnership for Young Children's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Orange County Partnership for Young Children's internal control. Accordingly, we do not express an opinion on the effectiveness of Orange County Partnership for Young Children's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Orange County Partnership for Young Children's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Winston, Williams, Creech, Evans & Company, LLP

Oxford, North Carolina
January 29, 2016