

FINANCIAL STATEMENT AUDIT REPORT OF
PERSON COUNTY
PARTNERSHIP FOR CHILDREN, INC.
ROXBORO, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2015

BOARD OF DIRECTORS
RONNIE BUGNAR, CHAIRMAN

ADMINISTRATIVE OFFICER
ANN GARRARD, EXECUTIVE DIRECTOR

Person County Partnership for Children, Inc.
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INDEPENDENT AUDITOR'S REPORT

To the Board Members
Person County Partnership for Children, Inc.
Roxboro, North Carolina

Report on Financial Statements

We have audited the accompanying statement of receipts, expenditures, and net assets – modified cash basis of Person County Partnership for Children, Inc. 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 cash 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 Person County Partnership for Children, Inc., 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 19 and Schedule 5 on page 22 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 Person County Partnership for Children, Inc.. 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 30, 2016, on our consideration of Person County Partnership for Children, Inc.'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 Person County Partnership for Children, Inc.'s internal control over financial reporting and compliance.

Winston, Williams, Creech, Evans & Company, LLP

Oxford, North Carolina
January 29, 2016

Person County Partnership for 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	\$ 434,477	\$ 540,291	\$ -	\$ 974,768
Federal Awards	-	131,492	-	131,492
Private Contributions	-	10,063	10,183	20,246
Interest and Investment Earnings	-	374	-	374
Sales Tax Refunds	-	1,475	-	1,475
Other Receipts	-	84,944	-	84,944
Total Receipts	434,477	768,639	10,183	1,213,299
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	-	1,378	(1,378)	-
	434,477	770,017	8,805	1,213,299
Expenditures:				
Programs:				
Child and Adult Care Food Program	-	121,406	-	121,406
Child Care and Education Affordability	7,677	-	-	7,677
Child Care and Education Quality	178,826	13,691	-	192,517
Family Support	90,091	6,155	-	96,246
Health and Safety	41,631	78,483	-	120,114
NC Pre-K	-	541,630	-	541,630
Support:				
Management and General	91,783	2,853	-	94,636
Program Coordination and Evaluation	24,469	-	-	24,469
Other:				
Sales Tax Paid	-	1,348	-	1,348
Total Expenditures	434,477	765,566	-	1,200,043
Excess/Deficiency of Receipts Over Expenditures	-	4,451	8,805	13,256
Net Assets at Beginning of Year	-	182,755	84,681	267,436
Net Assets at End of Year	\$ -	\$ 187,206	\$ 93,486	\$ 280,692
Net Assets Consisted of:				
Cash and Cash Equivalents	\$ 1,455	\$ 187,206	\$ 93,486	\$ 282,147
	1,455	187,206	93,486	282,147
Less: Due to State	1,455	-	-	1,455
TOTAL NET ASSETS	\$ -	\$ 187,206	\$ 93,486	\$ 280,692

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

Person County Partnership for Children, Inc.
 Statement of Functional Expenditures - Modified Cash Basis
 For the Fiscal 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 Affordability	\$ 7,677	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,677
Child Care and Education Quality	178,826	86,577	740	5,261	8,033	7,397	-	70,818
Family Support	90,091	38,345	3,843	1,860	10,011	2,275	624	33,133
Health and Safety	41,631	-	-	-	-	-	-	41,631
Total:	<u>318,225</u>	<u>124,922</u>	<u>4,583</u>	<u>7,121</u>	<u>18,044</u>	<u>9,672</u>	<u>624</u>	<u>153,259</u>
Support:								
Management and General	91,783	72,620	1,312	2,153	4,849	9,359	1,490	-
Program Coordination and Evaluation	24,469	18,609	3,000	275	1,765	619	201	-
Total:	<u>116,252</u>	<u>91,229</u>	<u>4,312</u>	<u>2,428</u>	<u>6,614</u>	<u>9,978</u>	<u>1,691</u>	<u>-</u>
Total Smart Start Fund Expenditures	<u>\$ 434,477</u>	<u>\$ 216,151</u>	<u>\$ 8,895</u>	<u>\$ 9,549</u>	<u>\$ 24,658</u>	<u>\$ 19,650</u>	<u>\$ 2,315</u>	<u>\$ 153,259</u>
Other Funds								
Programs:								
Child and Adult Care Food Program	121,406	22,362	-	152	1,212	1,184	-	96,496
Child Care and Education Quality	13,691	6,990	2,587	703	639	443	-	2,329
Family Support	6,155	-	-	96	191	-	-	5,868
Health and Safety	78,483	62,520	-	5,896	8,359	1,708	-	-
NC Pre-K	541,630	20,451	-	620	423	1,500	-	518,636
Total:	<u>761,365</u>	<u>112,323</u>	<u>2,587</u>	<u>7,467</u>	<u>10,824</u>	<u>4,835</u>	<u>-</u>	<u>623,329</u>
Support:								
Management and General	2,853	1,260	-	530	771	292	-	-
Total:	<u>2,853</u>	<u>1,260</u>	<u>-</u>	<u>530</u>	<u>771</u>	<u>292</u>	<u>-</u>	<u>-</u>
Other:								
Sales Tax Paid	1,348	-	-	1,348	-	-	-	-
Total:	<u>1,348</u>	<u>-</u>	<u>-</u>	<u>1,348</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Funds Expenditures	<u>\$ 765,566</u>	<u>\$ 113,583</u>	<u>\$ 2,587</u>	<u>\$ 9,345</u>	<u>\$ 11,595</u>	<u>\$ 5,127</u>	<u>\$ -</u>	<u>\$ 623,329</u>

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

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Purpose - The Person County Partnership for Children (Person County Partnership) is a legally separate nonprofit organization incorporated on January 20, 1994. The Person County Partnership was established to develop and provide, through public and private means, early childhood education and developmental services for children and families. The Person 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 Person County Partnership’s Board of Directors is responsible. Pursuant to the provisions of Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations*, 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 Statement, 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 Person County Partnership 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. Amounts withheld from employee paychecks or other amounts received in an agency capacity are recorded as funds held for others. In addition, Smart Start funds advanced to the local Partnership that are unexpended and unearned at year-end are recorded as a 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 certificate of deposits or short-term investments with an original maturity of three months or less.
- E. Due to State** – The funding provided by the State of North Carolina for the Smart Start program is funded on a cost reimbursement basis. The money is earned to the extent of allowable costs incurred. Any unexpended funds as of June 30 are required to be reverted to The North Carolina Partnership for Children, Inc. to be returned to the State of North Carolina.
- F. Property and Equipment** – Under the modified cash basis of accounting, purchases of property and equipment are reported as expenditures in the year occurred. However, Person County Partnership is required by contract regulation to track and maintain property and equipment items as presented in Schedule 4 of this report. The Person County Partnership 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 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 accrued 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 Person County Partnership 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.

I. Qualifying Match and Contributions In-Kind – Person County Partnership for Children, in accordance with applicable Smart Start legislation, reports qualifying match provided at both the Partnership and the contractor level; the qualifying match is reported in supplemental Schedule 5. The match includes cash received and expended at the Partnership level, which is included in the modified cash basis financial statements. The qualifying match reported on Schedule 5 for cash provided at the contractor level and for in-kind goods and services at both the Partnership and contractor levels is not recorded in the modified cash basis financial statements. In-kind contributions could be donated equipment, supplies, office space, or services. Person County Partnership for Children, also benefits from donor volunteer hours which do not require specific expertise but which are nonetheless central to Person County Partnership for Children’s operations. See supplemental Schedule 5 for more information on contributions in-kind.

NOTE 2 - DEPOSITS

All funds of the Person Partnership are deposited with commercial banks and insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Deposits over this amount subjects the Person Partnership to a concentration of credit risk. At June 30, 2015, the Person Partnership’s bank deposits did not exceed the FDIC insured limit.

NOTE 3 - FUNDING FROM GRANT AWARDS

Smart Start Program - The Person County Partnership’s 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 Person County Partnership and represents a concentration of credit risk as to the generation of revenue.

Associated with these contracts, the Person Partnership 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 Person Partnership. 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 Person Partnership was awarded and has received \$436,071 under a current year Smart Start contract with NCPC. The unexpended balance of this contract is subject to reversion to the State. The Person Partnership has returned \$1,455 of this contract to the State based on financial status reports submitted to NCPC subsequent to June 30, 2015.

The Person County Partnership expects to receive continued funding through new Smart Start contracts with the State.

Child and Adult Care Food Program - The Person County Partnership also received revenue and support from the State of North Carolina based on a cost-reimbursement contract with DHHS for the Child and Adult Care Food Program. The Person County Partnership was awarded and received \$96,087 under a current year contract and received \$24,905 under a prior year contract. The unexpended balance of this contract is subject to reversion to the State.

The Person County Partnership expects to receive continued funding through new Child and Adult Care Food Program contracts with the State

NC Pre-K – The Person County Partnership also received revenue and support from the State of North Carolina for the NC PreK Program. The Person County Partnership was awarded and received \$ 540,291 under a current year cost-reimbursement contract.

The Person County Partnership expects to receive continued funding through the NC Pre K program contracts with the State.

Child Care Services Association – The Person County Partnership also received revenue and support from the State of North Carolina based on a cost-reimbursement contract with DHHS that flows through Child Care Services Association. The Person County Partnership was awarded and received \$7,049 under a current year contract with Child Care Services Association. The Person County Partnership has expended all funds subsequent to June 30, 2015.

The Person County Partnership expects to receive continued funding through new Child Care Services Association contracts with the State.

NOTE 4 - RELATED PARTY TRANSACTIONS

Service Provider Contracts with Board Member Organizations - The board members of the Person Partnership are representative of various organizations that benefit from actions taken by the Board. As a matter of Person Partnership policy, board members are not involved with decisions regarding organizations they represent. During the year, the Person 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 contacts entered into by DHHS with the board member

organizations for activities funded by the Person 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 and Adult Care Food Program - Used to account for service activities including providing aid to child care providers for the provision of nutritious foods that contribute to the wellness, healthy growth, and development of young children.

Child Care and Education Affordability - Used to account for service activities including State subsidy contract (Division of Child Development and Early Education), childcare subsidy, dual subsidy, subsidy supplements for quality.

Child Care and Education Quality - Used to account for service activities including quality enhancements, child care resource and referral, professional development, salary supplements, provider training, mentoring programs, behavior intervention, or curriculum enhancements.

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

Health and Safety - Used to account for service activities including comprehensive health services, child care health consultants, comprehensive health support, child abuse and neglect intervention, special needs – early intervention services/special education, health needs and resources assessment, developmental screenings, nutrition programs, or home visiting.

NC Pre K - Used to account for development and implementation of NC prekindergarten programs 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 evaluation of service delivery. Also, costs associated with providing technical assistance, monitoring and reporting of 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 actual time employee's 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.

NOTE 6 - OPERATING LEASE OBLIGATIONS

Future minimum lease payments under noncancelable operating leases consist of the following at June 30, 2015:

Fiscal Year	Operating Leases
2016	\$ 4,903
2017	173
Total Minimum Lease Payments	<u>\$ 5,076</u>

Rental expense for all operating leases during the year was \$17,148

NOTE 7 - PENSION PLAN

A. Retirement Plans - The Person Partnership has a defined benefit plan covering all eligible employees. Each full-time employee of the Person Partnership, as a condition of employment, is provided an individual annuity through an outside insurance company. The Person Partnership

contributed up to 3% of each employee’s salary for the year ended June 30, 2015. The Person Partnership does not own the annuities nor is liable for any other cost other than the required contribution. The Person Partnership contributed \$10,452 for pension benefits during the year.

B. 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. The Person Partnership incurred no costs. Employees may choose a percentage up to 1-3% to receive a matching percentage from Person Partnership. The employee may contribute more than 3% but it will not be matched by the employer.

NOTE 8 - RISK MANAGEMENT

The Person County Partnership 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 Person County Partnership 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 Person County Partnership. 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 Person County Partnership’s 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 \$14,503. 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
Week of the Young Child	\$ 1,633
Motheread	264
Dollywood Private Imagination Library	86,421
Literacy Project	1,500
Angel Tree	3,668
	<u>\$ 93,486</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 purposes as follows:

Purpose	Amount
Angel Tree	\$ 454
Dollywood Private-Imagination Library	414
Week of the Young Child	510
	<u>\$ 1,378</u>

NOTE 11 - INCOME TAXES

The Person County Partnership for Children 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 Person County Partnership for 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 Person County Partnership for 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

Person County Partnership for 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:				
Creative Days	\$ 361	\$ -	\$ -	\$ -
* Early Intervention and Family Services	2,015	-	70,713	-
* Earl Bradsher Preschool	396	-	-	-
Kinder Care Learning Center	-	-	-	-
Learn and Play Children's Academy	581	-	-	-
Lester's Toddler Center	885	-	-	-
Mother Goose	1,550	-	-	-
* Person County Board of Education	14,061	-	386,843	-
* Person County Cooperative Extension Agency	-	-	-	-
* Person County Health Department	27,570	-	-	-
* Piedmont Community College	15,034	-	61,080	-
The Dollywood Foundation	29,603	-	5,414	-
	<u>92,056</u>	<u>-</u>	<u>524,050</u>	<u>-</u>
Individuals:				
Child and Adult Care Food Program	-	-	96,496	-
Child Care Crisis Scholarships	1,585	-	-	-
Early Education Rewards Program-Stipends	7,735	-	-	-
Initiatives for Quality-Stipends	47,811	-	2,329	-
Program Materials	4,072	-	454	-
	<u>61,203</u>	<u>-</u>	<u>99,279</u>	<u>-</u>
	<u>\$ 153,259</u>	<u>\$ -</u>	<u>\$ 623,329</u>	<u>\$ -</u>

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

Person County Partnership for Children, Inc.
Schedule of State Level Service Provider Contracts
For the Fiscal Year Ended June 30, 2015

Schedule 2

Organization Name	DHHS Contracts
* Person County Department of Social Services	\$ 223,996
	<u>\$ 223,996</u>

* 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.

Person County Partnership for 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 Agriculture				
Pass-through from the North Carolina Department of Health and Human Services-Division of Public Health				
Child and Adult Care Food Program (Prior Year)	10.558	7095	\$ 24,905	\$ 36,532
Child and Adult Care Food Program (Current Year)	10.558	7095	96,087	84,874
U.S. Department of Health and Human Services				
Pass-through from the North Carolina Division of Child Development to Child Care Services Association				
	93.575	30721-P-15	7,049	7,027
Total Federal Awards			<u>128,041</u>	<u>128,433</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)		#xxxx	(139)	(139)
Early Childhood Initiatives Program (Current Year)	*	#xxxx	434,616	434,616
North Carolina Department of Health and Human Services				
Division of Child Development and Early Education				
NC Pre-K	*	30176	540,291	540,291
Total State Awards			<u>974,768</u>	<u>974,768</u>
Total Federal and State Awards			<u>\$ 1,102,809</u>	<u>\$ 1,103,201</u>

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

Person County partnership for Children
Schedule of Property and Equipment - Modified Cash Basis
For the Year Ended June 30, 2015

Schedule 4

Furniture and Noncomputer Equipment	\$ 11,922
Computer Equipment/Printers	<u>19,737</u>
Total Property and Equipment	<u><u>\$ 31,659</u></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.

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

Schedule 5

Match Provided at the Partnership Level:

Cash	\$	22,867
In-Kind Goods and Services		<u>110,932</u>
	\$	<u><u>133,799</u></u>

Match Provided at the Contractor Level:

Cash	\$	14,143
In-Kind Goods and Services		<u>26,760</u>
	\$	<u><u>40,903</u></u>

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
Person County Partnership for Children, Inc.
Roxboro, 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 Person County Partnership for Children, Inc. (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 30, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Person County Partnership for Children, Inc.'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 Person County Partnership for Children, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Person County Partnership for Children, Inc.'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 Person County Partnership for Children, Inc.'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 30, 2016