

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

BOARD OF DIRECTORS

KATE WEBB, CHAIRMAN

ADMINISTRATIVE OFFICER

NADENE TUCKER, EXECUTIVE DIRECTOR

Wilson County Partnership for Children, Inc.
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Winston, Williams, Creech, Evans, & Company, LLP

Certified Public Accountants



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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying statement of receipts, expenditures, and net assets – modified cash basis of Wilson 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 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

102 W. Spring Street • P.O. Box 1366 • Oxford, NC 27565 • (919) 693-5196 • fax (919) 693-7614

www.wwcecpa.com



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 Wilson 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 17 and Schedule 5 on page 20 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 Wilson 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 February 24, 2016, on our consideration of Wilson 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 Wilson County Partnership for Children, Inc.'s internal control over financial reporting and compliance.

Winston, Williams, Creech, Evans & Company, LLP

Oxford, North Carolina
February 24, 2016

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

Exhibit A

	Unrestricted Funds		Total Funds
	Smart Start Funds	Other Funds	
Receipts:			
State Awards and Contracts	\$ 1,254,503	\$ 809,180	\$ 2,063,683
Federal Awards	-	4,750	4,750
Private Contributions	-	757	757
Special Fund Raising Events	-	300	300
Sales Tax Refunds	-	2,805	2,805
Other Receipts	-	7,413	7,413
Total Receipts	1,254,503	825,205	2,079,708
Expenditures:			
Programs:			
Child Care and Education Affordability	755,558	-	755,558
Child Care and Education Quality	141,674	6,328	148,002
Family Support	119,959	-	119,959
NC Pre-K	53,878	806,454	860,332
Support:			
Management and General	108,335	4,596	112,931
Program Coordination and Evaluation	75,099	-	75,099
Other:			
Refund of Prior Year Grant	-	100	100
Sales Tax Paid	-	2,560	2,560
Total Expenditures	1,254,503	820,038	2,074,541
Excess/Deficiency of Receipts Over Expenditures	-	5,167	5,167
Net Assets at Beginning of Year	-	35,063	35,063
Net Assets at End of Year	\$ -	\$ 40,230	\$ 40,230
Net Assets Consisted of:			
Cash and Cash Equivalents	\$ 3,175	\$ 40,035	\$ 43,210
Less: Due to State	3,175	-	3,175
Funds Held for Others	-	(195)	(195)
TOTAL NET ASSETS	\$ -	\$ 40,230	\$ 40,230

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

***Wilson County Partnership for Children
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 Affordability	\$ 755,558	\$ 86,987	\$ 24	\$ 1,367	\$ 5,417	\$ 885	\$ 797	\$ 660,081
Child Care and Education Quality	141,674	96,529	43	6,549	32,339	1,646	1,459	3,109
Family Support	119,959	-	-	-	-	-	-	119,959
NC Pre-K	53,878	40,547	1,269	1,999	8,419	835	809	-
	<u>1,071,069</u>	<u>224,063</u>	<u>1,336</u>	<u>9,915</u>	<u>46,175</u>	<u>3,366</u>	<u>3,065</u>	<u>783,149</u>
Support:								
Management and General	108,335	74,901	3,870	2,775	17,678	8,095	1,016	-
Program Coordination and Evaluation	75,099	65,220	736	710	6,991	1,131	311	-
	<u>183,434</u>	<u>140,121</u>	<u>4,606</u>	<u>3,485</u>	<u>24,669</u>	<u>9,226</u>	<u>1,327</u>	<u>-</u>
Total Smart Start Fund Expenditures	<u>\$ 1,254,503</u>	<u>\$ 364,184</u>	<u>\$ 5,942</u>	<u>\$ 13,400</u>	<u>\$ 70,844</u>	<u>\$ 12,592</u>	<u>\$ 4,392</u>	<u>\$ 783,149</u>
Other Funds:								
Programs:								
Child Care and Education Quality	\$ 6,328	\$ 4,672	\$ -	\$ -	1,656	\$ -	\$ -	\$ -
NC Pre-K	806,454	29,846	-	-	358	-	-	776,250
	<u>812,782</u>	<u>34,518</u>	<u>-</u>	<u>-</u>	<u>2,014</u>	<u>-</u>	<u>-</u>	<u>776,250</u>
Support:								
Management and General	4,596	-	1,887	-	172	637	1,900	-
	<u>4,596</u>	<u>-</u>	<u>1,887</u>	<u>-</u>	<u>172</u>	<u>637</u>	<u>1,900</u>	<u>-</u>
Other:								
Refund of Prior Year Grant	100	-	-	-	-	100	-	-
Sales Tax Paid	2,560	-	-	2,560	-	-	-	-
	<u>2,660</u>	<u>-</u>	<u>-</u>	<u>2,560</u>	<u>-</u>	<u>100</u>	<u>-</u>	<u>-</u>
Total Other Funds Expenditures	<u>\$ 820,038</u>	<u>\$ 34,518</u>	<u>\$ 1,887</u>	<u>\$ 2,560</u>	<u>\$ 2,186</u>	<u>\$ 737</u>	<u>\$ 1,900</u>	<u>\$ 776,250</u>

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

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Purpose - The Wilson County Partnership for Children (Wilson Partnership) is a legally separate nonprofit organization incorporated on October 11, 1994. The Wilson Partnership was established to develop and provide, through public and private means, early childhood education and developmental services for children and families. The Wilson 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 Wilson Partnership's 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.

The Wilson Partnership did not have any temporarily or 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 certificate of

deposits or short-term investments with an original maturity of three months or less.

- E. Due to the State** - The funding provided by the State of North Carolina for the Smart Start Initiative 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. Funds Held For Others** - Funds Held for Others includes amounts received that are fiduciary in nature in which the Wilson Partnership acts in an agency capacity. For the year ended June 30, 2015, the Wilson Partnership was holding amounts distributed to insurance companies to be withheld from employee paychecks.
- G. Property and Equipment** - Under the modified cash basis of accounting, purchases of property and equipment are reported as expenditures in the year incurred. However, Wilson Partnership is required by contract regulation to track and maintain property and equipment items as presented in Schedule 4 of this report. The Wilson 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 on the property and equipment log at estimated fair market value at the date of donation.
- H. 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.
- I. Use of Estimates** - The preparation of financial statements in conformity with the modified cash basis of accounting used by the Wilson 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.
- J. Qualifying Match and Contributions In-Kind** - Wilson Partnership, 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. Wilson Partnership also benefits from donor volunteer hours which do not require specific expertise but which are nonetheless central to Wilson Partnership's operations. See supplemental Schedule 5 for more information on contributions in-kind.

NOTE 2 - DEPOSITS

All funds of the Wilson Partnership are deposited with a commercial bank and insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

Deposits over insured amounts subject the Wilson Partnership to a concentration of credit risk. At June 30, 2015, the Wilson Partnership did not have any bank deposits not insured by FDIC.

NOTE 3 - FUNDING FROM GRANT AWARDS AND CONTRACTS

Smart Start Program - The Wilson 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 Wilson Partnership and represents a concentration of credit risk as to the generation of revenue.

Associated with these contracts, the Wilson 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 Wilson Partnership. These service provider contracts are not reflected on the accompanying financial statements. However, a summary of the service provider contracts entered into DHHS is presented on Schedule 2 accompanying the financial statements.

The Wilson Partnership was awarded and has received \$1,257,678 under a current year Smart Start contract with NCPC. The unexpended balance of this contract is subject to reversion to the State. The Wilson Partnership has refunded \$3,175 of this contract to the State based on financial status reports submitted to NCPC subsequent to June 30, 2015.

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

NC Pre-K - The Wilson Partnership also received revenue and support from the State of North Carolina for the NC Pre-K program. The Wilson Partnership was awarded \$822,519 and received \$809,180 under a current year financial assistance contract.

The Wilson Partnership expects to receive continued funding through new NC Pre-K contracts with the State.

NOTE 4 - RELATED PARTY TRANSACTIONS

Service Provider Contracts with Board Member Organizations - The board members of the Wilson Partnership are representative of various organizations that benefit from actions taken by the Board. It is the policy of the Wilson Partnership that board members not be involved with decisions regarding organizations they represent. During the year, the Wilson Partnership entered into contracts with board member organizations for program activities as identified on Schedule 1 accompanying the financial statements.

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 Affordability - Used to account for service activities including dual subsidy, dual subsidy administration, and public pre-K subsidy.

Child Care and Education Quality - Used to account for service activities including child care resource and referral, professional development, and provider training.

Family Support - Used to account for service activities including parents as teachers.

NC Pre-K - Used to account for development and implementation of NC Pre-K prekindergarten program for 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, daily practices, and 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 employee time reports.

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

NOTE 6 - OPERATING LEASE OBLIGATIONS

Operating Lease Obligations - Future minimum lease payments under non-cancelable operating leases consist of the following at June 30, 2015:

<u>Fiscal Year</u>	<u>Operating Leases</u>
2016	\$ 4,916
2017	4,916
2018	4,916
2019	4,916
2020	<u>3,687</u>
Total Minimum Lease Payments	<u>\$ 23,351</u>

Rental expense for all operating leases during the year was \$4,916.

NOTE 7 - PENSION PLAN

Deferred Compensation and Supplemental Retirement Income Plans- IRC Section 401(k) Plan - The Wilson Partnership has an IRC Section 401(k) plan (Plan). All costs of administering the Plan are the responsibility of the Plan participants. The Wilson Partnership contributed up to 6.81% of gross wages for the year ended June 30, 2015. Employees may make voluntary contributions to the Plan. For the year ended June 30, 2015, the Wilson Partnership contributed \$21,267.

NOTE 8 - RISK MANAGEMENT

The Wilson 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 Wilson 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 Wilson 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 Wilson 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 \$21,965. No funds or reservation of net assets has been made for this commitment.

NOTE 10 - INCOME TAXES

The Wilson 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 Wilson Partnership does not believe there are any unrecognized tax benefits or costs as of June 30, 2015. Income tax returns from fiscal years 2012 through 2015 are open to examination by the tax authorities.

NOTE 11 - SUBSEQUENT EVENTS

The Wilson Partnership has evaluated events and transactions that occurred between June 30, 2015 and February 24, 2016, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

This information is an integral part of the financial statements.

SUPPLEMENTARY SCHEDULES

***Wilson County Partnership for Children
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:				
ABC Academey of Black Creek, Inc.	\$ 7,205	\$ -	\$ -	\$ -
Building Blocks for Tots, Inc.	12,579	-	-	-
Crestview Childcare Center	16,099	-	-	-
Cynthia's Garden of Knowledge	33,353	-	-	-
God's Little Helpers	2,860	-	-	-
Hattie Daniels Day Care	* 165,722	-	373,550	-
Just For Us, Jarrell Rhice	207	-	-	-
Kiddie Kampus of Wilson, Inc.	15,190	-	-	-
Kidstown Child Care & Learning Center	33,497	-	-	-
Kidsworld Larning Center, Inc.	90,605	-	234,000	-
Land of Learning Child Care, Inc.	110,087	-	97,200	-
Loving Care Child Care Center	6,380	-	-	-
Mima's Kids Child Care	38,801	-	-	-
New Creations Child Care	17,879	-	-	-
Rainbow Child Care Center	28,595	-	-	-
The Block of Hope	119,959	-	-	-
The Growing Tree of WilMed Healthcare	9,042	-	-	-
Wee School Child Development, Inc.	71,980	-	71,500	-
	<u>780,040</u>	<u>-</u>	<u>776,250</u>	<u>-</u>
Individuals:				
Kids on the Lawn Participants	259	-	-	-
Professional Development Incentives	2850	-	-	-
	<u>3,109</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 783,149</u>	<u>\$ -</u>	<u>\$ 776,250</u>	<u>\$ -</u>

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

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

Schedule 2

Organization Name	DHHS Contracts
Child Care Services Association - WAGE\$ Program	\$ 119,361
	<u>\$ 119,361</u>

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.

***Wilson County Partnership for Children
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:				
US Department of Health and Human Services Administration for Children and Families Pass-through from the North Carolina Department of Human Services - Division of Child Development & Early Education Pass-through from Down East Partnership for Children Child Care and Development Block Grant (Current Year)	93.575	DE 14-331	\$ 4,750	\$ 4,750
			<u>4,750</u>	<u>4,750</u>
Total Federal Awards			<u>4,750</u>	<u>4,750</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 (Current Year)	*	N/A	1,254,503	1,254,503
North Carolina Department of Health and Human Services Division of Child Development and Early Education NC Pre-K (Current Year)	*	30206	809,180	806,180
Total State Awards			<u>2,063,683</u>	<u>2,060,683</u>
Total Federal and State Awards			<u>\$ 2,068,433</u>	<u>\$ 2,065,433</u>

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

***Wilson 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	\$	38,454
Computer Equipment/Printers		15,945
Buildings		157,384
Leasehold Improvements		41,991
		<hr/>
Total Property and Equipment	\$	253,774

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.

***Wilson 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	\$	120,866
In-Kind Goods and Services		<u>32,203</u>
	\$	<u><u>153,069</u></u>

Match Provided at the Contractor Level:

Cash	\$	-
In-Kind Goods and Services		<u>3,154</u>
	\$	<u><u>3,154</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.

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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
Wilson County Partnership for Children, Inc.
Wilson, 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 Wilson 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 February 24, 2016.

Internal Control Over Financial Reporting

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

102 W. Spring Street • P.O. Box 1366 • Oxford, NC 27565 • (919) 693-5196 • fax (919) 693-7614

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wilson 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
February 24, 2016