

FINANCIAL STATEMENT AUDIT REPORT OF  
ANSON COUNTY PARTNERSHIP FOR CHILDREN  
WADESBORO, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2015

BOARD OF DIRECTORS

DR. FRED THOMPSON, BOARD CHAIR

ADMINISTRATIVE OFFICER

ELAINE B. SCARBOROUGH,  
EXECUTIVE DIRECTOR

# Anson County Partnership for Children

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## Independent Auditor's Report

To Board Members of  
Anson County Partnership for Children  
Wadesboro, North Carolina

### Report on Financial Statements

We have audited the accompanying financial statements of Anson County Partnership for Children which comprise the Statement of Receipts, Expenditures, and Net Assets - Modified Cash Basis 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 the 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 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 Anson County Partnership for Children, as of and for the year ended June 30, 2015, and the Statement of Functional Expenditures 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 required parts of the basic financial statements but is 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 Schedules 2 and 5.

Our audit was conducted for the purpose of forming an opinion on the financial statements of Anson County Partnership for 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 the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in 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 November 18, 2015, on our consideration of Anson County Partnership for 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 Anson County Partnership for Children's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CohnReznick LLP".

Charlotte, North Carolina  
November 18, 2015

**Anson 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		Temporarily Restricted Funds	Total Funds
	Smart Start Fund	Other Funds		
<b>Receipts:</b>				
State Awards and Contracts	\$ 373,247	\$ 716,632	\$ -	\$ 1,089,879
Federal Awards	-	10,174	-	10,174
Private Contributions	-	27,714	28,670	56,384
Special Fund Raising Events	-	50,361	-	50,361
Sales Tax Refunds	-	2,810	-	2,810
Other Receipts	-	5,112	-	5,112
<b>Total Receipts</b>	<b>373,247</b>	<b>812,803</b>	<b>28,670</b>	<b>1,214,720</b>
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	-	8,650	(8,650)	-
	<b>373,247</b>	<b>821,453</b>	<b>20,020</b>	<b>1,214,720</b>
<b>Expenditures:</b>				
Programs:				
Child Care and Education Quality	155,219	17,380	-	172,599
Family Support	11,513	50,784	-	62,297
Health and Safety	-	3,124	-	3,124
NC Pre-K	11,000	734,746	-	745,746
Support:				
Management and General	91,015	70,376	-	161,391
Program Coordination and Evaluation	104,500	1,038	-	105,538
Other:				
Sales Tax Paid	-	2,198	-	2,198
<b>Total Expenditures</b>	<b>373,247</b>	<b>879,646</b>	<b>-</b>	<b>1,252,893</b>
<b>Excess (Deficiency) of Receipts Over Expenditures</b>	<b>-</b>	<b>(58,193)</b>	<b>20,020</b>	<b>(38,173)</b>
<b>Net Assets at Beginning of Year</b>	<b>-</b>	<b>349,232</b>	<b>61,662</b>	<b>410,894</b>
<b>Reclassification of Beginning Net Assets</b>	<b>-</b>	<b>3,055</b>	<b>(3,055)</b>	<b>-</b>
<b>Net Assets at End of Year</b>	<b>\$ -</b>	<b>\$ 294,094</b>	<b>\$ 78,627</b>	<b>\$ 372,721</b>
<b>Net Assets Consisted of:</b>				
Cash and Cash Equivalents	\$ -	\$ 295,188	\$ 78,627	\$ 373,815
Less: Funds Held for Others	-	1,094	-	1,094
<b>Total Net Assets</b>	<b>\$ -</b>	<b>\$ 294,094</b>	<b>\$ 78,627</b>	<b>\$ 372,721</b>

The Accompanying Notes are an Integral Part of the Financial Statements.

Anson 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
<b>Smart Start Fund:</b>								
<b>Programs:</b>								
Child Care and Education Quality	\$ 155,219	\$ 74,447	\$ 803	\$ 8,678	\$ 29,212	\$ 8,272	\$ -	\$ 33,807
Family Support	11,513	4,493	-	-	3,010	47	-	3,963
NC Pre-K	11,000	-	-	-	-	-	-	11,000
	<u>177,732</u>	<u>78,940</u>	<u>803</u>	<u>8,678</u>	<u>32,222</u>	<u>8,319</u>	<u>-</u>	<u>48,770</u>
<b>Support:</b>								
Management and General	91,015	80,140	2,541	360	4,774	2,920	280	-
Program Coordination and Evaluation	104,500	92,757	4,223	1,775	5,676	69	-	-
	<u>195,515</u>	<u>172,897</u>	<u>6,764</u>	<u>2,135</u>	<u>10,450</u>	<u>2,989</u>	<u>280</u>	<u>-</u>
<b>Total Smart Start Fund Expenditures</b>	<b>\$ 373,247</b>	<b>\$ 251,837</b>	<b>\$ 7,567</b>	<b>\$ 10,813</b>	<b>\$ 42,672</b>	<b>\$ 11,308</b>	<b>\$ 280</b>	<b>\$ 48,770</b>
<b>Other Funds:</b>								
<b>Programs:</b>								
Child Care and Education Quality	\$ 17,380	\$ 10,174	\$ 998	\$ 1,217	\$ 852	\$ -	\$ 480	\$ 3,659
Family Support	50,784	163	-	43,353	3,600	1,778	-	1,890
Health and Safety	3,124	1,355	-	226	193	-	-	1,350
NC Pre-K	734,746	35,037	-	-	2,971	36	-	696,702
	<u>806,034</u>	<u>46,729</u>	<u>998</u>	<u>44,796</u>	<u>7,616</u>	<u>1,814</u>	<u>480</u>	<u>703,601</u>
<b>Support:</b>								
Management and General	70,376	14,664	27,536	1,179	5,773	21,224	-	-
Program Coordination and Evaluation	1,038	-	-	-	1,038	-	-	-
	<u>71,414</u>	<u>14,664</u>	<u>27,536</u>	<u>1,179</u>	<u>6,811</u>	<u>21,224</u>	<u>-</u>	<u>-</u>
<b>Other:</b>								
Sales Tax Paid	2,198	-	-	2,198	-	-	-	-
	<u>2,198</u>	<u>-</u>	<u>-</u>	<u>2,198</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Other Funds Expenditures</b>	<b>\$ 879,646</b>	<b>\$ 61,393</b>	<b>\$ 28,534</b>	<b>\$ 48,173</b>	<b>\$ 14,427</b>	<b>\$ 23,038</b>	<b>\$ 480</b>	<b>\$ 703,601</b>

The Accompanying Notes are an Integral Part of the Financial Statements.

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

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization and Purpose** - The Anson County Partnership for Children (Anson Partnership) is a legally separate nonprofit organization incorporated on June 21, 1995. The Anson Partnership was established to develop and provide, through public and private means, early childhood education and developmental services for children and families. The Anson 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 Anson Partnership's Board of Directors is responsible. Pursuant to the provisions of the Financial Accounting Standards Board's accounting standards 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 the standards, 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 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. 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. Funds Held for Others** - Funds held for others includes amounts received that are fiduciary in nature in which the Anson Partnership acts in an agency capacity. For the year ended June 30, 2015, the Anson Partnership was holding amounts withheld from employee paychecks related to the United Way and 403b employee reimbursements. In addition, there is a balance remaining and payable when requested to the Local Interagency Coordinating Council (LICC).
- 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, the Anson Partnership is required by contract regulation to track and maintain property and equipment items as presented in Schedule 4 of this report. The Anson 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.
- 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 Anson 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** - The Anson 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. The Anson Partnership also benefits from donated volunteer hours which do not require specific expertise but which are nonetheless central to the Anson Partnership's operations. See supplemental Schedule 5 for more information on contributions in-kind.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

**Deposits** - All cash funds of the Anson Partnership are deposited with commercial banks and insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

Deposits over insured amounts subject the Anson Partnership to a concentration of credit risk. At June 30, 2015, the Anson Partnership's bank deposits in excess of the FDIC insured limit was \$238,472.

**NOTE 3 - FUNDING FROM GRANT AWARDS AND CONTRACTS**

**Smart Start Program** - One of the Anson Partnership's major sources 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 Anson Partnership and represents a concentration of credit risk as to the generation of revenue.

Associated with these contracts, the Anson 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 Anson 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 of the accompanying financial statements.

The Anson Partnership was awarded and has received \$373,491 under a current year Smart Start contract with NCPD. The unexpended balance of this contract is subject to reversion to the State. The Anson Partnership expended all awarded funds for the year ended June 30, 2015. In addition, the Anson Partnership returned \$244 of a prior year contract to NCPD during the year ended June 30, 2015.

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

**North Carolina Pre-Kindergarten Contract (NC Pre-K)** - The Anson Partnership also received revenue and support from the State of North Carolina for the NC Pre-K program. The Anson Partnership was awarded \$791,122 and received \$715,832 under a current year financial assistance contract.

The Anson Partnership expects to receive continued funding of the preschool program through new contracts with the State.

**Child Care Connections Inc.** - The Anson Partnership also received revenue and support passed through the Cumberland County Partnership for Children (CCPC) based on a cost-reimbursement contract with CCPC for the Child Care Connections Program. The Anson Partnership was awarded and received \$10,174 under a current year cost-reimbursement contract.

The Anson Partnership expects to receive continued funding through new Child Care Connections Program contracts with CCPC.

**Safe Kids Grant** - The Anson Partnership also received revenue and support from the North Carolina Department of Insurance (NCDI) based on a cost reimbursement contract with NCDI for the Safe Kids Program. The Anson Partnership was awarded and received \$800 under a current year cost reimbursement contract.

The Anson Partnership expects to receive continued funding through new Safe Kids Program contracts with NCDI.

#### **NOTE 4 - RELATED PARTY TRANSACTIONS**

**A. Service Provider Contracts with Board Member Organizations** -  
The board members of the Anson Partnership are representative of

various organizations that benefit from actions taken by the Board. It is the policy of the Anson Partnership that board members not be involved with decisions regarding organizations they represent. During the year, the Anson 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 Anson Partnership's Smart Start Allocation.

**B. Other Related Parties** - The Anson Partnership entered into transactions for contracted profession services with a third party that is related to the Executive Director of the Partnership. The amounts paid during the year ended June 30, 2015 for evaluation services were \$4,223.

**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 or associated with child care resource and referral, literacy, salary supplements and learning materials and teaching aids.

**Family Support** - Used to account for service activities including or associated with teen parent/child programs, general family support, and literacy programs.

**Health and Safety** - Used to account for service activities including or associated with early childhood obesity prevention.

**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, 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, printing and postage) 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 Lease</u>
2016	\$ 24,252
2017	24,252
2018	23,163
2019	15,600
2020	4,200
	<u>\$ 91,467</u>

Rental expense for all operating leases during the year was \$23,652.

**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 Plan is a defined contribution plan in which each employee of the Anson Partnership, as a condition of employment, is provided an individual annuity through an outside insurance company. The Anson Partnership contributes 8% of eligible gross wages up to the employee's first anniversary, at which time the contribution is increased to 10%. 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 Anson Partnership contributed \$16,454 for retirement benefits during the year.

**NOTE 8 - RISK MANAGEMENT**

The Anson 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 Anson 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 Anson 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 Anson 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 \$9,311. 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
Morgan's Dolly Parton Imagination Library – Literacy Outreach	\$ 48,995
Private Foundation Grants Literacy Outreach	9,578
United Way/Other Adolescent Parenting Program	13,830
United Way Literacy	1,048
BCBSNC Shape NC Phase II	5,176
	<u>\$ 78,627</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
United Way Literacy	\$ 8,650
	<u>\$ 8,650</u>

**NOTE 11 - INCOME TAXES**

The Anson 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 Anson Partnership does not believe there are any unrecognized tax benefits or costs as of June 30, 2015. Income tax returns from 2012 through 2014 are open to examination by the tax authorities.

**NOTE 12 - RECLASSIFICATION**

During the year ended June 30, 2015, the Anson Partnership determined amounts received for the Adolescent Parenting Program should be unrestricted net assets. The change in classification had no impact on prior year excess (deficiency) or receipts over expenditures or the total net assets as of June 30, 2014.

**NOTE 13 - SUBSEQUENT EVENTS**

The Anson Partnership has evaluated events and transactions that occurred between June 30, 2015 and November 18, 2015, 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.



SUPPLEMENTARY INFORMATION

**Anson 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
<b>Organizations:</b>				
Anson Children's Center	* \$ -	\$ -	\$ 102,700	\$ -
Dollywood Foundation	24,761	-	-	-
First United Methodist Church	* 11,000	-	223,875	-
UCCA, Inc.	* -	-	370,127	-
	<u>35,761</u>	<u>-</u>	<u>696,702</u>	<u>-</u>
<b>Individuals:</b>				
Shape NC Grant	-	-	1,350	-
Books for Kids	3,116	-	1,603	-
Car Seat Grants	3,963	-	442	-
Smart Start Education Wage Incentive Program	5,750	-	3,450	-
Smart Start Raising A Reader Program	-	-	54	-
Training Incentives	180	-	-	-
	<u>13,009</u>	<u>-</u>	<u>6,899</u>	<u>-</u>
	<u>\$ 48,770</u>	<u>\$ -</u>	<u>\$ 703,601</u>	<u>\$ -</u>

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

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

**Schedule 2**

<b>Organization Name</b>	<b>DHHS Contracts</b>
Anson County Department of Social Services	* \$ 177,572
	<u>\$ 177,572</u>

\* This organization is represented on the Partnership's Board as described in Note 4A - Service Provider Contracts with Board Member Organization.

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

**Anson County Partnership for Children  
Schedule of Federal and State Awards - Modified Cash Basis  
For the Year Ended June 30, 2015**

**Schedule 3**

Federal and State Grantor/Pass-through Grantor/Program	Federal CFDA Number	Contract Number	Receipts	Expenditures
<b>Federal Awards:</b>				
U.S. Department of Education				
Pass through from the North Carolina Department of Health and Human Services				
Pass through from the North Carolina Partnership for Children, Inc.				
RTT-ELC Grant (Prior Year)				
	84.412	12-13-024	\$ -	\$ 11,736
United States Department of Health and Human Services				
Office of Family Assistance				
Pass through from the North Carolina Department of Health and Human Services				
Division of Child Development and Early Education				
Pass-through from Partnership of Children of Cumberland County				
Child Care and Development Block Grant				
	93.575	SWCDC-00515-AN	10,174	10,174
<b>Total Federal Awards</b>			<u>10,174</u>	<u>21,910</u>
<b>State Awards:</b>				
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)				
			*	(244)
Early Childhood Initiatives Program (Current Year)				
			*	373,491
North Carolina Department of Health and Human Services Division of Child Development and Early Education				
NC Pre-K (Prior Year)				
			-	18,624
NC Pre-K (Current Year)				
		301107	*	715,832
North Carolina Department of Insurance				
Safe Kids Grant (Prior Year)				
			-	1,523
Safe Kids Grant (Current Year)				
			<u>800</u>	<u>-</u>
<b>Total State Awards</b>			<u>1,089,879</u>	<u>1,109,226</u>
<b>Total Federal and State Awards</b>			<u>\$ 1,100,053</u>	<u>\$ 1,131,136</u>

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

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

**Schedule 4**

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Furniture and Noncomputer Equipment	\$	42,553
Computer Equipment / Printers		15,263
Leasehold Improvements		4,476
Motor Vehicles		<u>20,264</u>
<b>Total Property and Equipment</b>	<b>\$</b>	<b><u><u>82,556</u></u></b>

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.

**Anson 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	\$	117,137
In-Kind Goods and Services		<u>54,646</u>
<b>Total</b>	<b>\$</b>	<b><u>171,783</u></b>

**Match Provided at the Contractor Level:**

Cash	\$	20,073
In-Kind Goods and Services		<u>-</u>
<b>Total</b>	<b>\$</b>	<b><u>20,073</u></b>

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.

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 Board Members of  
Anson County Partnership for Children  
Wadesboro, North Carolina

We have audited, 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, the financial statements of Anson County Partnership for Children (the "Organization"), as of and for the year ended June 30, 2015, and have issued our report thereon dated November 18, 2015.

As described in Note 1, the financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

#### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization'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 those 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.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of 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 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.

A handwritten signature in cursive script that reads "CohnReznick LLP".

Charlotte, North Carolina  
November 18, 2015