



Leslie W. Merritt, Jr., CPA, CFP  
State Auditor

STATE OF NORTH CAROLINA  
Office of the State Auditor

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August 28, 2007

Ms. Carol Driggers, President  
Appletree Day Care, Inc.  
P O Box 14066  
Raleigh, NC 27610

RE: State Grants from the Department of Health and Human Services  
State Fiscal Year 2005, \$104,440,  
State Fiscal Year 2006, \$110,632.

**Overview:** Appletree Day Care, Inc. is a child care facility with a license capacity to serve up to 247 children. Enrollment at the time of our visit was 203. Appletree receives the **Child and Adult Care Food Program** (CACFP) grant funding. The grant is set up as a reimbursement grant.

Dear Ms. Driggers

We completed certain limited procedures listed below during an examination conducted on July 2 & 10, 2007 at Appletree Day Care Inc. related to its management of the State grant funds referenced above. Our objective was to identify whether or not deficiencies in internal control; instances of noncompliance with laws, regulations, and provisions of contracts or grants agreements; and/or deficiencies in the management of financial resources existed based solely on the performance of these procedures.

These procedures do not constitute an audit, examination or a review as described in professional standards governing those types of services. Furthermore, our procedures were not agreed upon by you or any third party. Our procedures do not provide a basis for providing any level of assurance regarding internal control, compliance or financial management and should not be relied upon for that purpose.

Specifically, our procedures consisted of interviewing personnel; examining accounting and other grant records for the purpose of identifying state grant transactions; examining documentation supporting selected transactions and balances; and reviewing available policies and procedures.

The results of these procedures did not disclose internal control deficiencies, instances of noncompliance, and/or other matters of concern. Thus, you do not need to provide a written response to this letter.

This letter and will be published on our Electronic Publication System (EPS) at [www.ncauditor.net](http://www.ncauditor.net). You and others who are interested in the publication should register with EPS on the web site. Registered parties will receive an email notification and a link to the publication as soon as it is available.

This letter is intended solely for the information and use of the board of directors, management of the Appletree Day Care, Inc., the Governor, the General Assembly, and grantor agency and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink that reads "Leslie W. Merritt, Jr." with a stylized flourish at the end.

Leslie W. Merritt, Jr., CPA, CFP  
State Auditor

LWMjr/jhp

Cc: Secretary Carmen Hooker Odom  
Department of Health and Human Services  
Ms. Laketha Miller, Controller  
Department of Health and Human Services