



# STATE OF NORTH CAROLINA

**FINANCIAL STATEMENT AUDIT REPORT OF  
MECKLENBURG PARTNERSHIP FOR CHILDREN  
CHARLOTTE, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2001**

**OFFICE OF THE STATE AUDITOR**

**RALPH CAMPBELL, JR.**

**STATE AUDITOR**

**FINANCIAL STATEMENT AUDIT REPORT OF**

**MECKLENBURG PARTNERSHIP FOR CHILDREN**

**CHARLOTTE, NORTH CAROLINA**

**FOR THE YEAR ENDED JUNE 30, 2001**

**BOARD OF DIRECTORS**

**DR. STEPHEN R. KEENER, CHAIRMAN**

**ADMINISTRATIVE OFFICER**

**DR. NANCY DAVIS, EXECUTIVE DIRECTOR**



Ralph Campbell, Jr.  
State Auditor

STATE OF NORTH CAROLINA  
Office of the State Auditor

2 S. Salisbury Street  
20601 Mail Service Center  
Raleigh, NC 27699-0601  
Telephone: (919) 807-7500  
Fax: (919) 807-7647  
Internet <http://www.osa.state.nc.us>

---

**AUDITOR'S TRANSMITTAL**

---

The Honorable Michael F. Easley, Governor  
The General Assembly of North Carolina  
Board of Directors, Mecklenburg Partnership for Children

This report presents the results of our financial statement audit of the Mecklenburg Partnership for Children (Mecklenburg Partnership) for the year ended June 30, 2001. Our audit was made by authority of Article 5A of G.S. §147.

The accounts and operations of the Mecklenburg Partnership were subject to audit procedures as we considered necessary for us to report on the accompanying financial statements and supplementary information. The audit procedures were conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States.

The audit of the Mecklenburg Partnership was made in conjunction with the Early Childhood Initiatives (Smart Start) program authorized by G.S. 143B-168.10-.16. This statute created the North Carolina Partnership for Children, Inc. and required the implementation of local demonstration projects (local partnerships). The Mecklenburg Partnership is one of these local partnerships. As such, the Mecklenburg Partnership is a private nonprofit 501(c)(3) organization and is required by G.S. 143B-168.14(b) to have an annual financial and compliance audit conducted by the State Auditor.

The purpose of this report is to present the results of our audit on the accompanying financial statements. A summary of our reporting objectives and audit results are:

1. **Objective** - Express an opinion on the accompanying financial statements and supplementary information.

**Results** – The accompanying financial statements present fairly, in all material respects, the amounts and disclosures made in accordance with the regulatory basis of accounting established by the North Carolina Partnership for Children, Inc. The accompanying supplementary information presents information that is fairly stated in all material respects in relation to the basic financial statements.

## AUDITOR'S TRANSMITTAL (CONCLUDED)

---

2. **Objective** - Present instances of noncompliance, if any, with laws, regulations, contracts, or grants.

**Results** - Our tests disclosed no instances of noncompliance which require disclosure herein under *Government Auditing Standards*.

3. **Objective** - Present significant deficiencies, if any, in internal control over financial reporting which could adversely affect the Mecklenburg Partnership's ability to record, process, summarize, and report financial data in the financial statement.

**Results** - Our tests disclosed no material weaknesses in the internal control over financial reporting which require disclosure herein under *Government Auditing Standards*.

North Carolina General Statutes require the State Auditor to make audit reports available to the public. Copies of audit reports issued by the Office of the State Auditor may be obtained through one of the options listed in the back of this report.

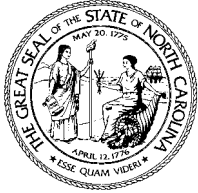


Ralph Campbell, Jr.  
State Auditor

# TABLE OF CONTENTS

---

	PAGE
INDEPENDENT AUDITOR’S REPORT .....	1
FINANCIAL STATEMENTS	
EXHIBITS	
A - Statement of Receipts, Expenditures, and Net Assets - Regulatory Basis .....	3
B - Statement of Functional Expenditures - Regulatory Basis .....	4
Notes to the Financial Statements .....	5
SUPPLEMENTARY SCHEDULES	
1 Schedule of Contract and Grant Expenditures - Regulatory Basis .....	11
2 Schedule of State Level Service Provider Contracts .....	13
3 Schedule of State Awards - Regulatory Basis.....	14
4 Schedule of Property and Equipment.....	15
5 Schedule of Qualifying Match.....	16
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....	17
DISTRIBUTION OF AUDIT REPORT.....	19



Ralph Campbell, Jr.  
State Auditor

STATE OF NORTH CAROLINA  
**Office of the State Auditor**

2 S. Salisbury Street  
20601 Mail Service Center  
Raleigh, NC 27699-0601  
Telephone: (919) 807-7500  
Fax: (919) 807-7647  
Internet <http://www.osa.state.nc.us>

---

**INDEPENDENT AUDITOR'S REPORT**

---

Board of Directors  
Mecklenburg Partnership for Children  
Charlotte, North Carolina

We have audited the accompanying Statement of Receipts, Expenditures, and Net Assets - Regulatory Basis of the Mecklenburg Partnership for Children (Mecklenburg Partnership) as of June 30, 2001, and the related Statement of Functional Expenditures – Regulatory Basis for the year then ended. These financial statements are the responsibility of the Mecklenburg Partnership's management. 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the accompanying financial statements were prepared on the regulatory basis of accounting as prescribed by the North Carolina Partnership for Children, Inc., which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the Mecklenburg Partnership for Children as of June 30, 2001, and the results of its operations for the year then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2002 on our consideration of the Mecklenburg Partnership's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with the independent auditor's report in considering the results of our audit.

## INDEPENDENT AUDITOR'S REPORT (CONCLUDED)

---

Our audit was made for the purpose of forming an opinion on the basic financial statements of the Mecklenburg Partnership for Children taken as a whole. The accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the management of the partnership, the North Carolina Partnership for Children, Inc., the Governor, and the General Assembly and is not intended to be, and should not be, used by anyone other than these specified parties.



Ralph Campbell, Jr.  
State Auditor

March 22, 2002

**Mecklenburg Partnership for Children****Statement of Receipts, Expenditures, and Net Assets - Regulatory Basis****For the Year Ended June 30, 2001****Exhibit A**

	Unrestricted Funds		Temporarily Restricted Funds	Total Funds
	Smart Start Fund	Other Funds		
<b>Receipts:</b>				
State Awards (less refunds of \$1,438,015)	\$ 9,760,032	\$ 11,201	\$ 0	\$ 9,771,233
Private Contributions		22,973	742	23,715
Interest and Investment Earnings		60,856		60,856
Sales Tax Refunds		43,764		43,764
Other Receipts		2,650		2,650
<b>Total Receipts</b>	<b>9,760,032</b>	<b>141,444</b>	<b>742</b>	<b>9,902,218</b>
<b>Expenditures:</b>				
Programs:				
Child Care and Education Quality	2,644,854	20,424		2,665,278
Child Care and Education Accessibility and Availability	364,876			364,876
Child Care and Education Affordability	3,568,250	26,725		3,594,975
Health and Safety	1,267,610	1,212		1,268,822
Family Support	2,270,085	11,422		2,281,507
Support:				
Management and General	813,093	15,789		828,882
Program Evaluation	100,000	5,387		105,387
Other:				
Sales Tax Paid		9,617		9,617
<b>Total Expenditures</b>	<b>11,028,768</b>	<b>90,576</b>	<b>0</b>	<b>11,119,344</b>
<b>Excess of Receipts Over Expenditures</b>	<b>(1,268,736)</b>	<b>50,868</b>	<b>742</b>	<b>(1,217,126)</b>
<b>Net Assets at Beginning of Year</b>	<b>1,425,883</b>	<b>(34,561)</b>	<b>2,505</b>	<b>1,393,827</b>
<b>Net Assets at End of Year</b>	<b>\$ 157,147</b>	<b>\$ 16,307</b>	<b>\$ 3,247</b>	<b>\$ 176,701</b>
<b>Net Assets Consisted of:</b>				
Cash on Deposit	\$ 34,120	\$ 16,307	\$ 3,247	\$ 53,674
Refunds Due From Contractors	123,027			123,027
	<b>\$ 157,147</b>	<b>\$ 16,307</b>	<b>\$ 3,247</b>	<b>\$ 176,701</b>

The accompanying notes to the financial statement are an integral part of this statement.



**Mecklenburg Partnership for Children**  
**Schedule of Functional Expenditures - Regulatory Basis**  
**For the Year Ended June 30, 2001**

**Exhibit B**

	Total	Personnel	Contracted Services	Supplies and Materials	Other Operating Expenses	Fixed Charges and Other Expenses	Property and Equipment Outlay	Services/ Contracts/ Grants	Participant Training Expense
<b>Smart Start Fund:</b>									
<b>Programs:</b>									
Child Care and Education Quality	2,644,854	48,013	76,795	208	15,294	45	0	2,504,499	0
Child Care and Education Accessibility and Availability	364,876	0	0	0	0	0	0	364,876	0
Child Care and Education Affordability	3,568,250	0	24,290	24,988	11,339	11,155	46,784	3,449,694	0
Health and Safety	1,267,610	0	0	0	0	0	0	1,267,610	0
Family Support	2,270,085	0	49,730	581	12,079	0	0	2,207,695	0
	<b>10,115,675</b>	<b>48,013</b>	<b>150,815</b>	<b>25,777</b>	<b>38,712</b>	<b>11,200</b>	<b>46,784</b>	<b>9,794,374</b>	<b>0</b>
<b>Support:</b>									
Management and General	813,093	454,737	133,263	21,576	93,374	96,113	14,030	0	0
Program Evaluation	100,000	60,688	33,950	0	562		0	4,800	0
	<b>913,093</b>	<b>515,425</b>	<b>167,213</b>	<b>21,576</b>	<b>93,936</b>	<b>96,113</b>	<b>14,030</b>	<b>4,800</b>	<b>0</b>
<b>Total Smart Start Fund Expenditures</b>	<b>11,028,768</b>	<b>563,438</b>	<b>318,028</b>	<b>47,353</b>	<b>132,648</b>	<b>107,313</b>	<b>60,814</b>	<b>9,799,174</b>	<b>0</b>
<b>Other Funds:</b>									
<b>Programs:</b>									
Child Care and Education Quality	20,424	708	18,580	0	976	15	0	145	0
Child Care and Education Affordability	26,725	0	0	161	413	0	1,490	24,661	0
Health and Safety	1,212	0	0	0	0	0	0	1,212	0
Family Support	11,422	0	7,128	0	431	0	0	3,863	0
	<b>59,783</b>	<b>708</b>	<b>25,708</b>	<b>161</b>	<b>1,820</b>	<b>15</b>	<b>1,490</b>	<b>29,881</b>	<b>0</b>
<b>Support:</b>									
Management and General	15,789	4,517	2,008	0	4,584	650	4,043	(13)	0
Program Evaluation	5,387	1,109	0	0	0	0	4,278	0	0
	<b>21,176</b>	<b>5,626</b>	<b>2,008</b>	<b>0</b>	<b>4,584</b>	<b>650</b>	<b>8,321</b>	<b>(13)</b>	<b>0</b>
<b>Other:</b>									
Sales Tax Paid	9,617			9,617					
	<b>9,617</b>	<b>0</b>	<b>0</b>	<b>9,617</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Other Funds Expenditures</b>	<b>90,576</b>	<b>6,334</b>	<b>27,716</b>	<b>9,778</b>	<b>6,404</b>	<b>665</b>	<b>9,811</b>	<b>29,868</b>	<b>0</b>

**MECKLENBURG PARTNERSHIP FOR CHILDREN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2001**

---

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

- A. Organization and Purpose** - The Mecklenburg Partnership for Children (Mecklenburg Partnership) is a legally separate nonprofit organization incorporated on October 15, 1993. The Mecklenburg Partnership was established to develop and provide, through public and private means, early childhood education and developmental services for children and families. The Mecklenburg 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 Mecklenburg Partnership's Board of Directors is responsible. In accordance with 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 Mecklenburg Partnership did not have any permanently restricted net assets at June 30, 2001.

- C. Basis of Accounting** - The accompanying financial statements were prepared on the regulatory basis of accounting as prescribed by the North Carolina Partnership for Children, Inc. This basis differs from generally accepted accounting principles 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.

## NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

---

However, unexpended advances to contractors that revert back to the State are recognized as a reduction to expenditures and an increase to net assets.

- D. Refunds Due From Contractors** - Refunds due from contractors represent the unexpended amount of advances to contractors at year end which are to be refunded back to the State. As recoveries are collected, the receivable balance is reduced. Payments to the State for the recovered advances are recorded as a reduction to the state awards balance.

### NOTE 2 - DEPOSITS

The Mecklenburg Partnership participates in a Sweep Investment Service Plan to invest excess balances over an established target amount. The current investment option is through repurchase agreements that invest in securities that are obligations of federal agencies and United States Treasuries. While not insured by the FDIC, the funds are collateralized at 100% of market value. Consequently, the Mecklenburg Partnership bank deposits in excess of the FDIC insured limit or collateralization totaled \$4,952 at June 30, 2001.

### NOTE 3 - FUNDING FROM GRANT AWARDS

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

Associated with these contracts, the Mecklenburg 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 Department of Health and Human Services (DHHS) entered into contracts with and made payments to service providers selected by the Mecklenburg Partnership. These service provider contracts are not reflected on the accompanying financial statement. However, a summary of the service provider contracts entered into by (DHHS) are presented on Schedule 2 accompanying the financial statements.

The Mecklenburg Partnership was awarded and has received \$11,197,248 under a current year Smart Start contract with NCPC. The unexpended balance of this contract is subject to reversion to the State. The Partnership

## NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

---

has returned \$157,147 of this contract to the State based on financial status reports submitted to NCPC subsequent to June 30, 2001.

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

### NOTE 4 - RELATED PARTY TRANSACTIONS

**Service Provider Contracts with Board Member Organizations** - The board members of the Mecklenburg Partnership are representative of various organizations that benefit from actions taken by the Board. It is the policy of the Mecklenburg Partnership that board members not be involved with decisions regarding organizations they represent. During the year, the 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 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 – Regulatory Basis. Also, the Statement of Functional Expenditures – Regulatory 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:

#### A. Program Functions

**Child Care and Education Quality** - Used to account for service activities including quality enhancement grants, program upgrade projects, early education enhancement programs, child care resource and referral, professional development, salary supplements, provider training, child care provider support, resources and materials, and health and safety intervention in child care.

**Child Care and Education Accessibility and Availability** - Used to account for service activities including inclusion support and increasing child care spaces.

**Child Care and Education Affordability** - Used to account for service activities including increasing the market rate, child care coordinator, public preschool classes, Head Start summer program, comprehensive

## NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

---

child care cost supports, transportation to child care, outreach plan to assess services, and enrolled part day care programs.

**Health and Safety** - Used to account for service activities including immunization support, comprehensive dental services, mobile health unit, speech and hearing screenings, prenatal/newborn services, outreach nurses, child abuse and neglect intervention, special needs – early intervention services, outreach materials, information and resources, and nutrition programs.

**Family Support** - Used to account for service activities including family resource center, mobile family resource center, parenting education, teen parent/child program, parenting skills training, general family support, family crisis intervention, special needs – family support, literacy projects, transportation services, information and resources, or outreach plans to assess services.

### **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 Evaluation** - Expenditures that are incurred to monitor the performance of service providers as to the delivery of services and adherence to the specific terms and conditions of the contracts.

## NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

---

### NOTE 6 - COMMITMENTS AND CONTINGENCIES

**Leases** - The following is a schedule by years of future minimum rental payments required under leases that have non-cancelable lease terms as of June 30, 2001:

<u>Fiscal Year</u>	<u>Operating Leases</u>
2002	\$ 89,762
2003	89,800
2004	<u>14,966</u>
<b>Total Minimum Lease Payments</b>	<b>\$ <u>194,528</u></b>

Total rental expenditure for all operating leases was \$100,676 for the year ended June 30, 2001.

### NOTE 7 - PENSION PLAN

**IRC Section 403(b)** – The Mecklenburg Partnership has a tax sheltered annuity plan created under Internal Revenue Code Section 403(b) covering all full-time employees. Each full-time employee of the Mecklenburg Partnership, as a condition of employment, is provided an individual annuity through an outside insurance company. The Mecklenburg Partnership contributed 10% of gross wages for the year ended June 30, 2001. The Mecklenburg Partnership does not own the annuities nor is liable for any cost other than the required contribution. The Mecklenburg Partnership contributed \$40,069 for pension benefits during the year.

In addition, employees may defer a portion of their compensation to the plan. 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. The voluntary contributions by employees amounted to \$29,694 during the year ended June 30, 2001.

**NOTES TO THE FINANCIAL STATEMENT (CONCLUDED)**

---

**NOTE 8 - RESTRICTIONS ON NET ASSETS**

**Temporarily Restricted Net Assets** - Temporarily restricted net assets at June 30, 2001 are available for the following purposes:

<u>Purpose</u>	<u>Amount</u>
Family Support Programs	\$ 2,505
Early Education Website Initiative	<u>742</u>
	<u>\$ 3,247</u>

**Mecklenburg Partnership for Children**  
**Schedule of Contract and Grant Expenditures - Regulatory Basis**  
**For the Year Ended June 30, 2001**

**Schedule 1**  
**Page 1 of 2**

Organization Name	Smart Start Fund		Other Funds	
	Amount Advanced	Refund Due	Amount Advanced	Refund Due
26th Judicial District Court	*	80,314		
Agape Family Center		25,600		
All My Children		98,962	416	(1,889)
The ARC of Mecklenburg County		45,050		(119)
Asian Library		31,225		
Bethlehem Center - Head Start	*	186,884		(10,209)
Bright Future Learning Center		106,139		
Carolina Medical Center		30,880		(180)
Carolina Poison Center		64,393		(122)
Child Care Resources, Inc.	*	1,148,664		(4,920)
Central Piedmont Community College	*	180,030		(2,101)
Charlotte-Mecklenburg Senior Centers, Inc.		130,710		(5,861)
Charlotte-Mecklenburg Schools	*	270,000	5,904	
Childcare Network		243,904	1,035	
Children's World		105,973		(719)
Communities in Schools		140,524	3,863	(444)
Community School of the Arts		52,567		
Council for Children		22,100		(315)
Easter Seals		307,101		(7,336)
First Ward Child Development Center		117,226	2,808	(405)
Hope Haven Foundation		116,000		
Junior League		173,336		(809)
Kiddie Farms Child Development Center		111,372		
Lakewood Preschool Cooperative		271,462	1,763	(1,902)
LaLeche League		160,836		
Loaves & Fishes		31,775		
Marizetta Kerry Child Development Center		147,152	6,933	
Mecklenburg County Department of Social Services	*	20,000		
Mecklenburg County Health Department	*	1,608,858	1,212	(66,210)
Mecklenburg County STEP Drug Treatment Court	*	53,900		(2,228)
Mecklenburg Area Mental Health	*	471,343		(6,406)
Mi Casa Su Casa		17,356		(1,319)
NC Administrative Office of the Courts	*	91,445		(157)
Public Library	*	383,407		(2,291)
Seigle Avenue Preschool		97,757	5,802	
Smart Kids		224,134		(2,453)
Smart Start Early Learning Center		105,430		(451)
The Early Learning Center		116,288		
The Family Center		54,271		(1,477)
Third Presbyterian Church		69,072		(18)
Thompson Children's Home		400,000		
Various		8,800	132	
YWCA	*	208,920		(156)
		<b>8,331,160</b>	<b>29,868</b>	<b>(120,497)</b>
			<b>0</b>	



**Mecklenburg Partnership for Children**  
**Schedule of Contract and Grant Expenditures - Regulatory Basis**  
**For the Year Ended June 30, 2001**

**Schedule 1**  
**Page 2 of 2**

Organization Name	Smart Start Fund		Other Funds	
	Amount Advanced	Refund Due	Amount Advanced	Refund Due
<b>Individuals:</b>				
Capital Enhancements	433,810	(30)		
Playground Safety Grants	329,942	(2,500)		
Using Math Manipulatives	478,732			
Teacher Salary Supplements	348,557			
	<b>1,591,041</b>	<b>(2,530)</b>	<b>0</b>	<b>0</b>
	<b>9,922,201</b>	<b>(123,027)</b>	<b>29,868</b>	<b>0</b>
* These organizations are represented on the Partnership's Board as described in Note 4 - Service Provider Contracts with Board Member Organizations.				

**Mecklenburg Partnership for Children  
 Schedule of State Level Service Provider Contracts  
 For the Year Ended June 30, 2001**

**Schedule 2**

<b>Organization Name</b>		<b>DHHS Contracts</b>
Mecklenburg County Department of Social Services	*	14,843,751
* 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 Department of Health and Human Services (DHHS) as described in Note 3 - Funding From Grant Awards.		

**Mecklenburg Partnership for Children**  
**Schedule of State Awards - Regulatory Basis**  
**For the Year Ended June 30, 2001**

*Schedule 3*

State Grantor/Pass-through Grantor/Program	Contract #	Receipts	Expenditures
<b>State Awards:</b>			
North Carolina Department of Health and Human Services			
Division of Child Development			
Pass-through from the North Carolina Partnership for Children, Inc.			
Early Childhood Initiatives Program (Prior Year)	1-89-1-09-001	\$ (294)	\$ 0
Early Childhood Initiatives Program (Prior Year)	* 1-90-1-09-001	(1,436,922)	
Early Childhood Initiatives Program (Current Year)	* 1-01-1-09-001	11,197,248	11,028,768
Multi-County Accounting and Contracting Grant (Prior Year)	N/A	(799)	
Multi-County Accounting and Contracting Grant (Current Year)	N/A	12,000	12,000
<b>Total State Awards</b>		<b>\$ 9,771,233</b>	<b>\$ 11,040,768</b>

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

***Mecklenburg Partnership for Children***  
***Schedule of Property and Equipment***  
***For the Year Ended June 30, 2001*** ***Schedule 4***

	Furniture and Non-Computer Equipment	\$	76,720
	Computer Equipment/Printers		98,980
	Leasehold Improvements		<u>4,926</u>
	<b>Total Property and Equipment</b>	<b>\$</b>	<b><u>180,626</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. On the regulatory basis of accounting, these items are expensed in the year purchased.		

**Mecklenburg Partnership for Children**  
**Schedule of Qualifying Match (Non-GAAP)**  
**For the Year Ended June 30, 2001**

**Schedule 5**

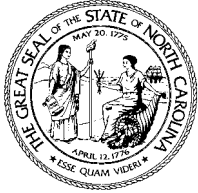
***Match Provided at the Partnership Level:***

Cash	\$ 23,715
In-Kind Goods and Services	3,219
	<u>\$ 26,934</u>

***Match Provided at the Contractor Level:***

Cash	\$ 3,536,916
In-Kind Goods and Services	519,161
	<u>\$ 4,056,077</u>

Note: This schedule is presented in accordance with the program match requirement as provided for by North Carolina Session Law 1999-237, Section 11.48(l). The law allows for volunteer services to be valued for match purposes, a concept that deviates from generally accepted accounting principles.



Ralph Campbell, Jr.  
State Auditor

STATE OF NORTH CAROLINA  
Office of the State Auditor

2 S. Salisbury Street  
20601 Mail Service Center  
Raleigh, NC 27699-0601  
Telephone: (919) 807-7500  
Fax: (919) 807-7647  
Internet <http://www.osa.state.nc.us>

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

---

Board of Directors  
Mecklenburg Partnership for Children  
Charlotte, North Carolina

We have audited the financial statements of the Mecklenburg Partnership for Children (Mecklenburg Partnership) as of and for the year ended June 30, 2001, and have issued our report thereon dated March 22, 2002. 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.

Compliance

As part of obtaining reasonable assurance about whether the Mecklenburg Partnership's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Mecklenburg Partnership's internal control over financial reporting in order to determine our auditing procedures for the purposes of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not

**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS (CONCLUDED)**

---

reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the management of the partnership, the North Carolina Partnership for Children, the Governor, and the General Assembly and is not intended to be, and should not be, used by anyone other than these specified parties.



Ralph Campbell, Jr.  
State Auditor

March 22, 2002

## **DISTRIBUTION OF AUDIT REPORT**

---

In accordance with G.S. § 147-64.5 and G.S. § 147-64.6(c)(14), copies of this report have been distributed to the public officials listed below. Additional copies are provided to other legislators, state officials, the press, and the general public upon request.

### **EXECUTIVE BRANCH**

The Honorable Michael F. Easley	Governor of North Carolina
The Honorable Beverly M. Perdue	Lieutenant Governor of North Carolina
The Honorable Richard H. Moore	State Treasurer
The Honorable Roy A. Cooper, III	Attorney General
Mr. David T. McCoy	State Budget Officer
Mr. Robert L. Powell	State Controller
Ms. Carmen Hooker Odom	Secretary, Department of Health and Human Services
Mr. Ashley Thrift	Chairman, Board of Directors North Carolina Partnership for Children, Inc.
	Executive Director North Carolina Partnership for Children, Inc.
Ms. Karen Ponder	

### **LEGISLATIVE BRANCH**

Appointees to the Joint Legislative Commission on Governmental Operations

Senator Marc Basnight, Co-Chairman	Representative James B. Black, Co-Chairman
Senator Charlie Albertson	Representative Martha B. Alexander
Senator Frank W. Ballance, Jr.	Representative Flossie Boyd-McIntyre
Senator Charles Carter	Representative E. Nelson Cole
Senator Daniel G. Clodfelter	Representative James W. Crawford, Jr.
Senator Walter H. Dalton	Representative William T. Culpepper, III
Senator James Forrester	Representative W. Pete Cunningham
Senator Linda Garrou	Representative Beverly M. Earle
Senator Wilbur P. Gulley	Representative Ruth M. Easterling
Senator Kay R. Hagan	Representative Stanley H. Fox
Senator David W. Hoyle	Representative R. Phillip Haire
Senator Luther H. Jordan, Jr.	Representative Dewey L. Hill
Senator Ellie Kinnaird	Representative Mary L. Jarrell
Senator Howard N. Lee	Representative Maggie Jeffus
Senator Jeanne H. Lucas	Representative Larry T. Justus
Senator R. L. Martin	Representative Edd Nye
Senator William N. Martin	Representative Warren C. Oldham
Senator Stephen M. Metcalf	Representative William C. Owens, Jr.
Senator Fountain Odom	Representative E. David Redwine
Senator Aaron W. Plyler	Representative R. Eugene Rogers
Senator Eric M. Reeves	Representative Drew P. Saunders
Senator Dan Robinson	Representative Wilma M. Sherrill
Senator Larry Shaw	Representative Ronald L. Smith
Senator Robert G. Shaw	Representative Joe P. Tolson
Senator R. C. Soles, Jr.	Representative Gregg Thompson
Senator Ed N. Warren	Representative Russell E. Tucker
Senator David F. Weinstein	Representative Thomas E. Wright
Senator Allen H. Wellons	Representative Douglas Y. Yongue



## **DISTRIBUTION OF AUDIT REPORT (CONCLUDED)**

---

### **Other Legislative Officials**

Representative Philip A. Baddour, Jr.  
Senator Anthony E. Rand  
Senator Patrick J. Ballantine  
Representative N. Leo Daughtry  
Representative Joe Hackney  
Mr. James D. Johnson

Majority Leader of the N.C. House of Representatives  
Majority Leader of the N.C. Senate  
Minority Leader of the N.C. Senate  
Minority Leader of the N.C. House of Representatives  
N. C. House Speaker Pro-Tem  
Director, Fiscal Research Division

April 25, 2002

## ORDERING INFORMATION

---

Copies of this report may be obtained by contacting the:

Office of the State Auditor  
State of North Carolina  
2 South Salisbury Street  
20601 Mail Service Center  
Raleigh, North Carolina 27699-0601

Internet: <http://www.ncauditor.net>

Telephone: 919/807-7500

Facsimile: 919/807-7647