



# STATE OF NORTH CAROLINA

## FINANCIAL STATEMENT AUDIT REPORT OF ANSON COUNTY PARTNERSHIP FOR CHILDREN

WADESBORO, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2003

OFFICE OF THE STATE AUDITOR

RALPH CAMPBELL, JR.

STATE AUDITOR

**FINANCIAL STATEMENT AUDIT REPORT OF**

**ANSON COUNTY PARTNERSHIP FOR CHILDREN**

**WADESBORO, NORTH CAROLINA**

**FOR THE YEAR ENDED JUNE 30, 2003**

**BOARD OF DIRECTORS**

**ELLEN HUNTLEY, BOARD CHAIR**

**ADMINISTRATIVE OFFICER**

**ELAINE B. SCARBOROUGH, 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.ncauditor.net>

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## AUDITOR'S TRANSMITTAL

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

This report presents the results of our financial statement audit of the Anson County Partnership for Children (Anson Partnership) for the year ended June 30, 2003. Our audit was made by authority of Article 5A of Chapter 147 of the *North Carolina General Statutes*.

The accounts and operations of the Anson 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 Anson Partnership was made in conjunction with the Early Childhood Initiatives (Smart Start) program authorized by General Statutes 143B-168.10-.16. These statutes created The North Carolina Partnership for Children, Inc. and required the implementation of local demonstration projects (local partnerships). The Anson Partnership is one of these local partnerships. As such, the Anson Partnership is a private nonprofit 501(c)(3) organization and is required by General Statute 143B-168.14(b) to have a financial and compliance audit conducted by the Office of 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** – To express an opinion on the accompanying financial statements.

**Results** – The accompanying financial statements present fairly, in all material respects, the amounts and disclosures made in accordance with the modified cash basis of accounting, a comprehensive basis of accounting other than generally accepted accounting principles.

## AUDITOR'S TRANSMITTAL (CONCLUDED)

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2. **Objective** – To present significant deficiencies, if any, in internal control over financial reporting which could adversely affect the Anson Partnership's ability to record, process, summarize, and report financial data in the financial statements and present instances of noncompliance, if any, with laws, regulations, contracts, or grants.

**Results** - Our tests disclosed no material weaknesses in the internal control over financial reporting and no instances of noncompliance that 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

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

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**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying Statement of Receipts, Expenditures, and Net Assets – Modified Cash Basis of the Anson County Partnership for Children (Anson Partnership) as of June 30, 2003, and the related Statement of Functional Expenditures – Modified Cash Basis for the year then ended. These financial statements are the responsibility of the Anson 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 statements are free of material misstatements. 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 modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the Anson County Partnership for Children as of June 30, 2003, and the results of its operations arising from modified cash basis transactions 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 July 2, 2004 on our consideration of the Anson 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)

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Our audit was made for the purpose of forming an opinion on the basic financial statements of the Anson County 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 Schedules 1, 3, 4, and 5 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. The information in Schedule 2 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on Schedule 2.

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

July 2, 2004

**Anson County Partnership for Children****Statement of Receipts, Expenditures, and Net Assets - Modified Cash Basis****For the Year Ended June 30, 2003****Exhibit A**

	Unrestricted Funds		Temporarily Restricted Funds	Total Funds
	Smart Start Fund	Other Funds		
<b>Receipts:</b>				
State Awards (less refunds of \$3,181)	\$ 651,123	\$ 170,250	\$ 0	\$ 821,373
Federal Awards		70,035		70,035
Private Contributions		56,406		56,406
Special Fund Raising Events		1,247		1,247
Interest and Investment Earnings		380		380
Sales Tax Refunds		6,806		6,806
Other Receipts		53,756		53,756
<b>Total Receipts</b>	<b>651,123</b>	<b>358,880</b>		<b>1,010,003</b>
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions		9,426	(9,426)	
	<b>651,123</b>	<b>368,306</b>	<b>(9,426)</b>	<b>1,010,003</b>
<b>Expenditures:</b>				
Programs:				
Child Care and Education Quality	266,809	40,165		306,974
Child Care and Education Affordability	39,000			39,000
Health and Safety	56,376			56,376
Family Support	94,236	119,670		213,906
More at Four		22,116		22,116
Support Our Students		56,922		56,922
Support:				
Management and General	111,480	87,007		198,487
Program Evaluation	35,985	251		36,236
Program Coordination	38,604	1,027		39,631
Other:				
Sales Tax Paid		5,682		5,682
<b>Total Expenditures</b>	<b>642,490</b>	<b>332,840</b>		<b>975,330</b>
<b>Excess of Receipts Over Expenditures</b>	<b>8,633</b>	<b>35,466</b>	<b>(9,426)</b>	<b>34,673</b>
<b>Net Assets at Beginning of Year</b>	<b>2,342</b>	<b>(9,291)</b>	<b>10,624</b>	<b>3,675</b>
<b>Net Assets at End of Year</b>	<b>\$ 10,975</b>	<b>\$ 26,175</b>	<b>\$ 1,198</b>	<b>\$ 38,348</b>
<b>Net Assets Consisted of:</b>				
Cash and Cash Equivalents	\$ 10,975	\$ 26,175	\$ 1,198	\$ 38,348

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



**Anson County Partnership for Children**  
**Statement of Functional Expenditures - Modified Cash Basis**  
**For the Year Ended June 30, 2003**

**Exhibit B**

	Total	Personnel	Contracted Services	Supplies and Materials	Other Operating Expenditures	Fixed Charges and Other Expenditures	Property and Equipment Outlay	Services/ Contracts/ Grants	Participant Training Expenditures
<b>Smart Start Fund:</b>									
<b>Programs:</b>									
Child Care and Education Quality	\$ 266,809	123,929	3,236	22,829	33,044	6,761	630	76,380	
Child Care and Education Affordability	\$ 39,000							39,000	
Health and Safety	\$ 56,376							56,376	
Family Support	\$ 94,236	83,188	2,120	1,161	5,298	2,454	15		
	\$ 456,421	\$ 207,117	\$ 5,356	\$ 23,990	\$ 38,342	\$ 9,215	\$ 645	\$ 171,756	\$ 0
<b>Support:</b>									
Management and General	\$ 111,480	102,675	1,060	2,080	5,271	379	15		
Program Evaluation	\$ 35,985	30,810	210	203	3,566	1,181	15		
Program Coordination	\$ 38,604	34,994	127	331	2,725	412	15		
	\$ 186,069	\$ 168,479	\$ 1,397	\$ 2,614	\$ 11,562	\$ 1,972	\$ 45	\$ 0	\$ 0
<b>Total Smart Start Fund Expenditures</b>	<b>\$ 642,490</b>	<b>\$ 375,596</b>	<b>\$ 6,753</b>	<b>\$ 26,604</b>	<b>\$ 49,904</b>	<b>\$ 11,187</b>	<b>\$ 690</b>	<b>\$ 171,756</b>	<b>\$ 0</b>
<b>Other Funds:</b>									
<b>Programs:</b>									
Child Care and Education Quality	\$ 40,165			60	280		1,758	38,067	
Family Support	\$ 119,670	67,594	5,323	16,996	15,967	7,155	6,635		
More at Four	\$ 22,116		381	5,415	3,585			12,735	
Support Our Students	\$ 56,922							56,922	
	\$ 238,873	\$ 67,594	\$ 5,704	\$ 22,471	\$ 19,832	\$ 7,155	\$ 8,393	\$ 107,724	\$ 0
<b>Support:</b>									
Management and General	\$ 87,007	61,310	1,302	2,907	6,922	13,798	768		
Program Evaluation	\$ 251						251		
Program Coordination	\$ 1,027						1,027		
	\$ 88,285	\$ 61,310	\$ 1,302	\$ 2,907	\$ 6,922	\$ 13,798	\$ 2,046	\$ 0	\$ 0
<b>Other:</b>									
Sales Tax Paid	\$ 5,682	\$ 0	\$ 0	\$ 5,682	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>Total Other Funds Expenditures</b>	<b>\$ 332,840</b>	<b>\$ 128,904</b>	<b>\$ 7,006</b>	<b>\$ 31,060</b>	<b>\$ 26,754</b>	<b>\$ 20,953</b>	<b>\$ 10,439</b>	<b>\$ 107,724</b>	<b>\$ 0</b>

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

**ANSON COUNTY PARTNERSHIP FOR CHILDREN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

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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 25, 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 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 Anson Partnership did not have any permanently restricted net assets at June 30, 2003.

- 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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However, unexpended advances to contractors that revert back to the State 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.

- D. Cash and Cash Equivalents** – This classification appears on the Statement of Receipts, Expenditures, and Net Assets – Modified Cash Basis and consists of cash on deposit with a private bank account and a sweep account.
- E. 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 and compensatory time, along with the related employer costs that would be due to employees upon termination is reported as a commitment in Note 9.
- F. Use of Estimates** - The preparation of financial statements in conformity with the other comprehensive 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.

### NOTE 2 - DEPOSITS

All funds of the Anson Partnership are deposited with a commercial bank and insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Deposits over this amount subjects the Anson Partnership to a concentration of credit risk. The Anson Partnership has an Automated Investment Plan to invest excess balances over an established target amount. The investment is in the bank's commercial paper securities and is not insured by the FDIC. Consequently, the Anson Partnership bank deposits in excess of the FDIC insured limit totaled \$24,012 at June 30, 2003.

### NOTE 3 - FUNDING FROM GRANT AWARDS

**Smart Start Program** - The Anson 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 Anson

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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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 accompanying the financial statements.

The Anson Partnership was awarded and has received \$654,304 under a current year Smart Start contract with NCPC. The unexpended balance of this contract is subject to reversion to the State. The Partnership has returned \$7,875 of this contract to the State based on financial status reports submitted to NCPC subsequent to June 30, 2003.

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

**Teen Pregnancy Prevention Initiative (TPPI)** – The Anson Partnership also received revenue and support from the State of North Carolina based on a cost-reimbursement contract with DHHS for the Teen Pregnancy Prevention Initiative program. The Anson Partnership was awarded and received \$75,000 under a current year TPPI contract with DHHS. The Partnership expects to receive continued funding through new TPPI contracts with the State.

**Support Our Students Program (SOS)** – The Anson Partnership also received revenue and support from the State of North Carolina based on a cost-reimbursement contract with the North Carolina Department of Juvenile Justice and Delinquency Prevention (DJJDP) for the Support Our Students Program. The Anson Partnership was awarded \$58,330 and received \$53,460 under a current year SOS contract with DJJDP. The Partnership expects to receive continued funding through new SOS Program contracts with the State.

### NOTE 4 - RELATED PARTY TRANSACTIONS

**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 Partnership entered into contracts with board member organizations for program activities

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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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 – 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 quality enhancement grants for maintenance, child care resource and referral, salary supplements, or learning materials and teaching aids.

**Child Care and Education Affordability** - Used to account for service activities associated with Head Start classrooms.

**Health and Safety** - Used to account for service activities associated with child care health consultants.

**Family Support** - Used to account for service activities including teen parent/child programs, general family support, or community outreach information and resources.

**More at Four** – Used to account for development and implementation of More at Four prekindergarten program for at-risk four-year-olds who are at risk of failure in kindergarten. The goal is to provide quality prekindergarten services in order to enhance kindergarten readiness.

**Support Our Students** – Used to account for service activities including the providing of high quality after-school activities for school-aged children.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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### 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.

**Program Coordination** - 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.

### C. Allocation of Joint Costs

Expenditures benefiting more than one purpose were allocated as follows:

**Salaries and Benefits** - Allocated based on employee time reports.

**Other Costs** - Other costs including occupancy cost (rent, utilities and maintenance), supplies and materials, insurance, equipment and communication costs (telephone, internet, and postage) were allocated based on utilization data.

<u>Expenditure Category</u>	<u>Amount</u>
Personnel	\$ 6,715
Contracted Services	3,684
Supplies and Materials	899
Other Operating Expenditures	29,411
Fixed Charges and Other Expenditures	10,971
Property and Equipment Outlay	<u>7,101</u>
Total Allocated Costs	<u>\$ 58,781</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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### NOTE 6 - OPERATING LEASE OBLIGATIONS

Future minimum lease payments under noncancelable operating leases consist of the following at June 30, 2003:

<u>Fiscal Year</u>	<u>Operating Leases</u>
2004	\$ 21,600
2005	21,600
2006	21,600
2007	21,600
2008	<u>9,600</u>
Total Minimum Lease Payments	<u>\$ 96,000</u>

Rental expense for all operating leases during the year was \$26,526.

### NOTE 7 - PENSION PLAN

**Deferred Compensation and Supplemental Retirement Income Plans - IRC Section 403(b) Plan** - All permanent employees who are full time can participate in a tax sheltered annuity plan (Plan) created under Internal Revenue Code Section 403(b). The Anson Partnership contributed 8% of gross wages for the year ended June 30, 2003. 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. No costs are incurred by the Anson Partnership.

For the year ended June 30, 2003, the Anson Partnership contributed \$28,824 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:

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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<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, 2003, is \$19,365. 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, 2003 are available for the following purposes:

<u>Purpose</u>	<u>Amount</u>
Follow-up Therapy Program	\$ 288
Teen Information and Parenting Service	<u>910</u>
	<u>\$ 1,198</u>



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

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**B. Net Assets Released From Donor Restrictions** - Net assets were released from donor restrictions during the fiscal year ended June 30, 2003, by incurring expenditures satisfying the restricted purposes as follows:

<u>Purpose</u>	<u>Amount</u>
Support Our Students	\$ 16
Adolescent Parenting Program	<u>9,410</u>
	<u>\$ 9,426</u>

**Anson County Partnership for Children  
 Schedule of Contract and Grant Expenditures - Modified Cash Basis  
 For the Year Ended June 30, 2003**

**Schedule 1**

Organization Name	Smart Start Fund		Other Funds	
	Amount Advanced	Refund Due	Amount Advanced	Refund Due
Anson Children's Center	*		2,925	
Anson County Health Department	*	56,376		
Anson County Schools	*		56,922	
Kids, Inc.			2,275	
Noah's Ark Child Care			2,010	
Rocking Horse Day Care			5,525	
Union County Community Action, Inc.	*	39,000	38,000	
		<b>\$ 95,376</b>	<b>\$ 107,657</b>	<b>\$ 0</b>
<b>Individuals:</b>				
Child Care Providers Training		30,930	67	
Salary Supplements		45,450		
		<b>\$ 76,380</b>	<b>\$ 67</b>	<b>\$ 0</b>
		<b>\$ 171,756</b>	<b>\$ 107,724</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.				

**Anson County Partnership for Children**  
**Schedule of State Level Service Provider Contracts**  
**For the Year Ended June 30, 2003**

**Schedule 2**

Organization Name		DHHS Contracts
Anson County Department of Social Services	*	<b>\$ 172,940</b>
* These organizations are represented on the Partnership's Board as described in Note 4 - Service Provider Contracts with Board Member Organizations.		
The information on this schedule provides a listing of service provider contracts entered into by the North Carolina Department of Health and Human Services (DHHS) as described in Note 3 - Funding from Grant Awards.		

**Anson County Partnership for Children**

**Schedule of Federal and State Awards - Modified Cash Basis**

**For the Year Ended June 30, 2003**

**Schedule 3**

Federal/State Grantor/Pass-through Grantor/Program	Federal CFDA Number	Contract #	Receipts	Expenditures
<b>Federal Awards:</b>				
US Department of Health and Human Services Administration for Children and Families Pass-through from the North Carolina Department of Health and Human Services - Division of Public Health Temporary Assistance for Needy Families	93.558	00325-02	\$ 26,460	\$ 0
US Department of Health and Human Services Medical Assistance Program Pass-through from the North Carolina Department of Health and Human Services - Division of Public Health Adolescent Parenting Program	93.778	00326-03	43,575	47,569
<b>Total Federal Awards</b>			<b>70,035</b>	<b>47,569</b>
<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 (Previous Years)		Various	(3,181)	(927)
Early Childhood Initiatives Program (Current Year)		*	654,304	643,417
Multi-County Accounting and Contracting Grant		N/A	12,000	12,000
North Carolina Department of Health and Human Services Division of Public Health Teen Pregnancy Prevention Initiative		* 00325-03	75,000	71,850
North Carolina Department of Health and Human Services More at Four Pre-Kindergarten Program		2090003492	29,790	22,116
North Carolina Department of Juvenile Justice and Delinquency Prevention Support Our Students		* N/A	53,460	56,922
<b>Total State Awards</b>			<b>821,373</b>	<b>805,378</b>
<b>Total Federal and State Awards</b>			<b>\$ 891,408</b>	<b>\$ 852,947</b>
* Programs with compliance requirements that have a direct and material effect on the financial statements.				

<i>Anson County Partnership for Children</i>			
<i>Schedule of Property and Equipment - Modified Cash Basis</i>			
<i>For the Year Ended June 30, 2003</i>			<i>Schedule 4</i>
	Furniture and Noncomputer Equipment	\$	36,883
	Computer Equipment/Printers		52,183
	Leasehold Improvements		8,242
	Total Property and Equipment	\$	97,308
	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 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, 2003**

**Schedule 5**

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

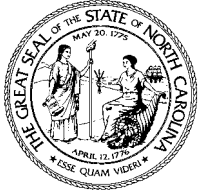
Cash	\$	51,795
In-Kind Goods and Services		15,548
	\$	<u>67,343</u>

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

Cash	\$	26,974
In-Kind Goods and Services		
	\$	<u>26,974</u>

Note: This schedule is presented in accordance with the program match requirement as provided for by North Carolina Session Law 2001-424, Section 21.72(c). The law allows for volunteer services to be valued for match purposes, a concept that deviates from generally accepted accounting principles.

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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 STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of the Anson County Partnership for Children (Anson Partnership) as of and for the year ended June 30, 2003, and have issued our report thereon dated July 2, 2004. 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 Anson 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 Anson 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 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



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

---

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, 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

July 2, 2004

## DISTRIBUTION OF AUDIT REPORT

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In accordance with General Statutes 147-64.5 and 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
	The North Carolina Partnership for Children, Inc.
Ms. Karen Ponder	Executive Director
	The North Carolina Partnership for Children, Inc.

### LEGISLATIVE BRANCH

Appointees to the Joint Legislative Commission on Governmental Operations

President Pro Tempore	Speaker of the House
Senator Marc Basnight, Co-Chair	Representative James B. Black, Co-Chair
Senator Charles W. Albertson	Representative Richard T. Morgan, Co-Chair
Senator Daniel G. Clodfelter	Representative Martha B. Alexander
Senator Walter H. Dalton	Representative Rex L. Baker
Senator Charlie S. Dannelly	Representative Bobby H. Barbee, Sr.
Senator James Forrester	Representative Harold J. Brubaker
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Senator R. C. Soles, Jr.	Representative Joe L. Kiser
Senator Scott Thomas	Representative Edd Nye
	Representative William C. Owens, Jr.
	Representative Wilma M. Sherrill
	Representative Thomas E. Wright

### Other Legislative Officials

Mr. James D. Johnson	Director, Fiscal Research Division
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August 25, 2004

## ORDERING INFORMATION

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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

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