

Financial Statement Audit Report of
Anson County Partnership for Children
Wadesboro, North Carolina
For the Year Ended June 30, 2005

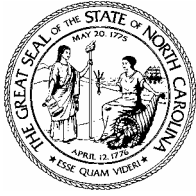
Performed Under Contract With the
North Carolina Office of the State Auditor

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

Financial Statement Audit Report of
Anson County Partnership for Children
Wadesboro, North Carolina
For the Year Ended June 30, 2005

Board of Directors
Ellen Huntley, Chair

Administrative Officer
Elaine B. Scarborough, Executive Director



Leslie W. Merritt, Jr., CPA, CFP
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>

AUDITOR'S TRANSMITTAL

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 the financial statement audit of Anson County Partnership for Children for the year ended June 30, 2005. Winston, Williams, Creech, Evans and Company, LLP performed the audit under contract with the Office of the State Auditor, and their report is submitted herewith.

The audit of the Anson County Partnership for Children 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 partnerships. The Anson County Partnership for Children is one of these local partnerships. As such, the Anson County Partnership for Children is a private nonprofit 501(c)(3) organization and is required by G.S. 143B-168.14 to have an annual financial and compliance audit conducted by the State Auditor. The State Auditor's authority to perform or coordinate all audit functions for state government is set forth in Article 5 of Chapter 147 of the *North Carolina General Statutes*.

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

Leslie W. Merritt, Jr.

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

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR’S REPORT	1
FINANCIAL STATEMENTS	
EXHIBITS	
A – Statement of Receipts, Expenditures, and Net Assets – Modified Cash	3
B – Statement of Functional Expenditures – Modified Cash Basis	4
Notes to the Financial Statements	5
SUPPLEMENTARY SCHEDULES	
1 Schedule of Contract and Grant Expenditures – Modified Cash Basis	12
2 Schedule of State Level Service Provider Contract	13
3 Schedule of State Awards – Modified Cash Basis	14
4 Schedule of Property and Equipment – Modified Cash Basis	15
5 Schedule of Qualifying Match (Non-GAAP)	16
Independent Auditor’s Report of Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i>	17
Ordering Information	19

Winston, Williams, Creech, Evans & Company, LLP

Certified Public Accountants



The CPA. Never Underestimate The Value.™

James P. Winston II, CPA
Gary L. Williams, CPA
Leonard R. Creech, Jr. CPA
Carleen P. Evans, CPA

Jennifer T. Reese, CPA
Elizabeth J. Day, CPA

INDEPENDENT AUDITOR'S REPORT

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, 2005, 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 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 modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

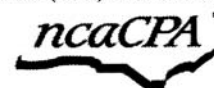
In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of Anson County Partnership for Children as of June 30, 2005, and the results of its operations arising from modified cash basis transactions for the year then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards* we have also issued a report dated June 20, 2006 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

102 W. Spring Street P.O. Box 1366 Oxford, NC 27565 (919) 693-5196 fax (919) 693-7614
12339-108 Wake Union Church Road Wake Forest, NC 27587 (919) 556-0282 Fax (919) 556-0349



www.wccpa.com



INDEPENDENT AUDITOR'S REPORT (CONCLUDED)

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. 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.

Our audit was performed for the purpose of forming an opinion on the basic financial statements that collectively comprise the Anson County Partnership for Children's basic financial statements. The information in Schedules 1, 3, 4, and 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. These Schedules have 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 to the audit of the basic financial statements and, accordingly, we express no opinion on Schedule 2.

Winston, Williams, Creech, Evans and Company, LLP

Winston, Williams, Creech, Evans and Company, LLP
Certified Public Accountants
June 20, 2006

Anson County Partnership for Children
Statement of Receipts, Expenditures, and Net Assets - Modified Cash Basis
For the Year Ended June 30, 2005

Exhibit A

	Unrestricted Funds		Temporarily Restricted Funds	Total Funds
	Smart Start Fund	Other Funds		
Receipts:				
State Awards (less refunds of \$5,907)	\$ 573,672	\$ 423,084	\$ 0	\$ 996,756
Federal Awards	0	118,027	0	118,027
Private Contributions	0	152,002	0	152,002
Interest and Investment Earnings	0	174	0	174
Sales Tax Refunds	0	4,634	0	4,634
Other Receipts	0	67,499	0	67,499
Total Receipts	573,672	765,420	0	1,339,092
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	0	1,198	(1,198)	0
	573,672	766,618	(1,198)	1,339,092
Expenditures:				
Programs:				
Child Care and Education Quality	240,492	16,533	0	257,025
Family Support	69,469	156,348	0	225,817
Health and Safety	29,510	104,934	0	134,444
More at Four	25,000	304,788	0	329,788
Support:				
Management and General	115,213	116,330	0	231,543
Program Coordination	61,005	0	0	61,005
Program Evaluation	38,815	85	0	38,900
Other:				
Refund of Prior Year Grant	0	1,288	0	1,288
Sales Tax Paid	0	3,554	0	3,554
Total Expenditures	579,504	703,860	0	1,283,364
Excess of Receipts Over Expenditures	(5,832)	62,758	(1,198)	55,728
Net Assets at Beginning of Year	5,832	49,715	1,198	56,745
Net Assets at End of Year	\$ 0	\$ 112,473	\$ 0	\$ 112,473
Net Assets Consisted of:				
Cash and Cash Equivalents	\$ 0	\$ 112,473	\$ 0	\$ 112,473

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, 2005

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
Smart Start Fund:									
Programs:									
Child Care and Education Quality	\$ 240,492	\$ 127,108	\$ 151	\$ 20,986	\$ 22,350	\$ 12,863	\$ 4,064	\$ 42,700	\$ 10,270
Family Support	69,469	59,905	1,385	1,772	6,347	60	0	0	0
Health and Safety	29,510	7,606	0	1,098	2,431	0	2,203	16,172	0
More at Four	25,000	22,700	0	895	1,380	25	0	0	0
	<u>364,471</u>	<u>217,319</u>	<u>1,536</u>	<u>24,751</u>	<u>32,508</u>	<u>12,948</u>	<u>6,267</u>	<u>58,872</u>	<u>10,270</u>
Support:									
Management and General	115,213	107,490	1,173	197	6,019	334	0	0	0
Program Coordination	61,005	57,512	111	413	2,923	46	0	0	0
Program Evaluation	38,815	34,622	111	96	2,390	16	1,580	0	0
	<u>215,033</u>	<u>199,624</u>	<u>1,395</u>	<u>706</u>	<u>11,332</u>	<u>396</u>	<u>1,580</u>	<u>0</u>	<u>0</u>
Total Smart Start Fund Expenditures	<u>\$ 579,504</u>	<u>\$ 416,943</u>	<u>\$ 2,931</u>	<u>\$ 25,457</u>	<u>\$ 43,840</u>	<u>\$ 13,344</u>	<u>\$ 7,847</u>	<u>\$ 58,872</u>	<u>\$ 10,270</u>
Other Funds:									
Programs:									
Child Care and Education Quality	\$ 16,533	\$ 11,064	\$ 0	\$ 1,264	\$ 2,755	\$ 0	\$ 0	\$ 0	\$ 1,450
Family Support	156,348	72,493	2,621	1,383	12,432	793	0	66,544	82
Health and Safety	104,934	91,230	0	4,591	7,234	59	0	0	1,820
More at Four	304,788	110	0	253	996	385	0	303,044	0
	<u>582,603</u>	<u>174,897</u>	<u>2,621</u>	<u>7,491</u>	<u>23,417</u>	<u>1,237</u>	<u>0</u>	<u>369,588</u>	<u>3,352</u>
Support:									
Management and General	116,330	76,729	1,574	4,594	9,307	21,623	2,503	0	0
Program Evaluation	85	-	0	85	0	0	0	0	0
	<u>116,415</u>	<u>76,729</u>	<u>1,574</u>	<u>4,679</u>	<u>9,307</u>	<u>21,623</u>	<u>2,503</u>	<u>0</u>	<u>0</u>
Other:									
Refund of Prior Year Grant	1,288	0	0	0	1,288	0	0	0	0
Sales Tax Paid	3,554	0	0	3,554	0	0	0	0	0
	<u>4,842</u>	<u>0</u>	<u>0</u>	<u>3,554</u>	<u>1,288</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Funds Expenditures	<u>\$ 703,860</u>	<u>\$ 251,626</u>	<u>\$ 4,195</u>	<u>\$ 15,724</u>	<u>\$ 34,012</u>	<u>\$ 22,860</u>	<u>\$ 2,503</u>	<u>\$ 369,588</u>	<u>\$ 3,352</u>

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, 2005

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, 2005.

- 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

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

an increase to net assets. Amounts withheld from employee paychecks or other amounts received in an agency capacity are recorded as funds held for others. In addition, Smart Start funds advances to the local Partnership that are unexpended and unearned at year end are recorded as a Due to the Primary Government.

- 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. Refunds Due From Contractors** – Refunds due from contractors represent the unexpended amount of advances to contractors at year end that 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.
- F. Property and Equipment** – Under the modified cash basis of accounting, purchases of property and equipment are reported as expenditures in the year occurred. However, 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, 2005. Donated items are recorded at estimated fair market value at the date of donation.
- 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - DEPOSITS

Funds of the Anson Partnership are deposited with a commercial bank and insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000 per bank. 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 \$103,028 at June 30, 2005.

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 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 \$579,579 under a current year Smart Start contract with NCPC. There is no unexpended balance of this contract which would be subject to reversion to the State.

The Anson 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Adolescent Parenting Program (APP) – The Anson County Partnership also received revenue and support from the State of North Carolina based on a cost-reimbursement contract with DHHS for the Adolescent Parenting Program. The Anson County Partnership was awarded and received \$47,980 under a current year APP contract with DHHS. The Partnership expects to receive continued funding through new APP 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 \$72,572 under a current year SOS contract with DJJDP. The unexpended balance of this contract is subject to reversion to the State. The Partnership expects to receive continued funding through new SOS Program contracts with the State.

Duke Endowment – The Anson Partnership also received revenue and support from the Duke Endowment for the creation of a comprehensive Children’s Health Initiative to improve access to child health services. The Anson Partnership was awarded and received \$103,059 under a current grant agreement. This grant agreement is for a three year period.

More at Four – The Anson Partnership also received revenue and support from the State of North Carolina for the More at Four Program. The Anson Partnership was awarded and received \$319,522 under a current year contract. The Anson Partnership expects to receive continued funding through new More at Four 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 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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 child care resource and referral, salary supplements, or learning materials and teaching aids.

Family Support – Used to account for service activities including teen/parent child program, general family support, and community outreach information and resources.

Health and Safety – Used to account for service activities including child care health consultants, comprehensive health support, and nutrition programs.

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.

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 – 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.

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.

C. Allocation of Joint Costs

Expenditures benefiting more than one purpose were allocated as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 and printing) were allocated based on utilization data.

NOTE 6 - OPERATING LEASE OBLIGATIONS

Future minimum lease payments under noncancelable operating leases consist of the following at June 30, 2005:

<u>Fiscal Year</u>	<u>Operating Leases</u>
2006	\$ 22,824
2007	22,824
2008	<u>12,024</u>
Total Minimum Lease Payments	<u>\$ 57,672</u>

Rental expense for all operating leases during the year was \$22,824.

NOTE 7 - PENSION PLAN

IRC Section 403(b) Plan – All permanent employees who are at least half time are eligible to participate in a tax sheltered annuity plan (Plan) created under Internal Revenue Code Section 403(b). The Anson County Partnership for Children contributes 8% up to the employee's first anniversary and then contributes 10% of gross wages. 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 \$40,834 for retirement benefits during the year.

NOTES TO THE FINANCIAL STATEMENTS (CONCLUDED)

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, 2005, is \$27,635. No funds or reservation of net assets has been made for this commitment

NOTE 10 - RESTRICTIONS ON NET ASSETS

Net Assets Released From Donor Restrictions – Net assets were released from donor restrictions during the fiscal year ended June 30, 2005, by incurring expenditures satisfying the restricted purposes as follows:

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

Anson County Partnership for Children
Schedule of Contract and Grant Expenditures - Modified Cash Basis
For the Year Ended June 30, 2005

Schedule 1

Organization Name	Smart Start Fund		Other Funds	
	Amount Advanced	Refund Due	Amount Advanced	Refund Due
Anson Children's Center	* \$	\$	\$ 54,285	\$
Anson County Health Department	16,172			
Anson County Schools			66,544	
Union County Community Action, Inc.	* _____	_____	248,759	_____
	<u>16,172</u>	<u>0</u>	<u>369,588</u>	<u>0</u>
Individuals:				
Salary Supplements	42,700	_____	_____	_____
	<u>\$ 58,872</u>	<u>\$ 0</u>	<u>\$ 369,588</u>	<u>\$ 0</u>

* 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 Contract
 For the Year Ended June 30, 2005***

Schedule 2

Organization Name	DHHS Contract
Anson County Department of Social Services *	<u>\$ 189,114</u>

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

The information on this schedule provides the service provider contract 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, 2005**

Schedule 3

Federal/State Grantor/Pass-through Grantor/Program	Federal CFDA Number	Contract #	Receipts	Expenditures
Federal Awards:				
US Department of Health and Human Services Administration for Children and Families Pass-through from the North Carolina Department of Health and Human Services - Division of Public Health Temporary Assistance for Needy Families				
Teen Pregnancy Prevention Initiative (Prior Year)	93.558	00325-04	\$ 2,027	\$ 0
Teen Pregnancy Prevention Initiative	93.558	00325-05	75,000	46,190
US Department of Health and Human Services Pass-through from the North Carolina Department of Health and Human Services - Division of Child Development Pass-through from Child Care Connections, Inc. of Moore County DCD Region 6 Block Grant				
	93.575	006-03-04-001	11,064	11,064
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 (Prior Year)				
	93.778	00326-04	946	946
Adolescent Parenting Program	93.778	00326-05	28,990	28,990
Total Federal Awards			<u>118,027</u>	<u>87,190</u>
State Awards:				
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)				
		N/A	(5,907)	(75)
Early Childhood Initiatives Program (Current Year)		*	579,579	579,579
Multi-County Accounting and Contracting Grant		N/A	12,000	12,000
North Carolina Department of Health and Human Services Division of Public Health Adolescent Parenting Program				
		00326-05	18,990	18,990
North Carolina Department of Juvenile Justice and Delinquency Prevention Support Our Students				
		N/A	72,572	72,572
North Carolina Department of Health and Human Services More at Four Pre-Kindergarten Program				
		*	2090004320	319,522
			<u>319,522</u>	<u>319,522</u>
Total State Awards			<u>996,756</u>	<u>1,002,588</u>
Total Federal and State Awards			<u>\$ 1,114,783</u>	<u>\$ 1,089,778</u>

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

Notes to the Schedule of Federal and State Awards - Modified Cash Basis

1. The accompanying schedule of federal and state awards includes the federal and State grant activity of the Anson County Partnership for Children and is presented on the modified cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

2. The More at Four Pre-Kindergarten Program is contracted jointly by the North Carolina Department of Health and Human Services and the Office of the Governor. The allocations for the More at Four program are included in the budget for the North Carolina Department of Health and Human Services, therefore, the above schedule identifies that agency as the State Grantor. The Office of the Governor is responsible for oversight of the More at Four Program.

***Anson County Partnership for Children
Schedule of Property and Equipment - Modified Cash Basis
For the Year Ended June 30, 2005***

Schedule 4

Furniture and Noncomputer Equipment	\$	37,587
Computer Equipment/Printers		68,073
Leasehold Improvements		<u>8,242</u>
Total Property and Equipment	\$	<u><u>113,902</u></u>

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, 2005**

Schedule 5

Match Provided at the Partnership Level:

Cash	\$	28,199
In-Kind Goods and Services		<u>0</u>
	\$	<u>28,199</u>

Match Provided at the Contractor Level:

Cash	\$	154,471
In-Kind Goods and Services		<u>43,858</u>
	\$	<u>198,329</u>

Note: This schedule is presented in accordance with the program match requirement as provided for by North Carolina Session Law 2003-284, Section 10.38(c). The North Carolina Partnership for Children, Inc. and all local partnerships are required to match the total amount budgeted for the Smart Start Program in each fiscal year. 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.

Winston, Williams, Creech, Evans & Company, LLP

Certified Public Accountants



The CPA. Never Underestimate The Value.™

James P. Winston II, CPA
Gary L. Williams, CPA
Leonard R. Creech, Jr. CPA
Carleen P. Evans, CPA

Jennifer T. Reese, CPA
Elizabeth J. Day, CPA

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

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

We have audited the accompanying financial statements of the Anson County Partnership for Children (Anson Partnership) as of and for the year ended June 30, 2005, and have issued our report thereon dated June 20, 2006. 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.

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.

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 purpose of expressing our opinion on the financial statements and not to provide an opinion 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 reportable 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 caused by error or fraud 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.

102 W. Spring Street P.O. Box 1366 Oxford, NC 27565 (919) 693-5196 fax (919) 693-7614
12339-108 Wake Union Church Road Wake Forest, NC 27587 (919) 556-0282 Fax (919) 556-0349



www.wwcecpa.com



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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Anson County Partnership'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*. However, we noted certain immaterial matters that we reported to management of the Anson County Partnership, in a separate letter dated June 20, 2006.

This report is intended solely for the information and use of the audit committee, management of the Anson 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.

Winston, Williams, Creech, Evans and Company, LLP

Winston, Williams, Creech, Evans and Company, LLP
Certified Public Accountants
June 20, 2006

ORDERING INFORMATION

Audit reports issued by the Office of the State Auditor can be obtained from the web site at www.ncauditor.net. Also, parties may register on the web site to receive automatic email notification whenever reports of interest are issued. Otherwise, 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

Telephone: 919/807-7500

Facsimile: 919/807-7647