

**IREDELL COUNTY PARTNERSHIP  
FOR YOUNG CHILDREN, INC.  
Statesville, North Carolina**

**FINANCIAL STATEMENTS  
June 30, 2008**

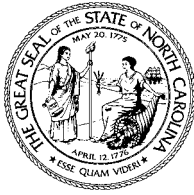
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**BETH A. WOOD, CPA  
STATE AUDITOR**

**FINANCIAL STATEMENT AUDIT REPORT OF**  
**IREDELL COUNTY PARTNERSHIP FOR YOUNG CHILDREN, INC.**  
**STATESVILLE, NORTH CAROLINA**  
**FOR THE YEAR ENDED JUNE 30, 2008**

**BOARD OF DIRECTORS**  
**ALLEN SMITH, BOARD CHAIR**

**ADMINISTRATIVE OFFICER**  
**MARTA KOESLING, EXECUTIVE DIRECTOR**



**Beth A. Wood, CPA**  
State Auditor

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**AUDITOR'S TRANSMITTAL**

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The Honorable Beverly E. Perdue, Governor  
The General Assembly of North Carolina  
Board of Directors, Iredell County Partnership for Young Children, Inc.

This report presents the results of the financial statement audit of Iredell County Partnership for Young Children, Inc. for the year ended June 30, 2008. Clifton Gunderson LLP performed the audit under contract with the Office of the State Auditor, and their report is submitted herewith.

You will note from the independent auditor's report that the auditor determined that the financial statements are presented fairly in all material respects. The results of their tests disclosed no deficiencies in internal control over financial reporting that were considered to be material weaknesses in relation to their audit scope or any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

*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 at the back of this report.

A handwritten signature in cursive script that reads "Beth A. Wood".

Beth A. Wood, CPA  
State Auditor

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## INDEPENDENT AUDITOR'S REPORT

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Board of Directors  
Iredell County Partnership for Young Children, Inc.  
Statesville, North Carolina

We have audited the accompanying Statement of Receipts, Expenditures, and Net Assets – Modified Cash Basis of the Iredell County Partnership for Young Children, Inc. (Iredell Partnership) as of June 30, 2008, and the related Statement of Functional Expenditures – Modified Cash Basis for the year then ended. These financial statements are the responsibility of the Iredell 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 Iredell County Partnership for Young Children, Inc. as of June 30, 2008, and its receipts and expenditures 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 January 31, 2009 on our consideration of the Iredell Partnership's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

## INDEPENDENT AUDITOR'S REPORT (CONCLUDED)

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Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Iredell County Partnership for Young Children, Inc.'s basic financial statements. The information in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Schedules 1, 3, 4 and 5 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are 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.

*Clifton Henderson LLP*

Raleigh, North Carolina  
January 31, 2009

***Iredell County Partnership for Young Children, Inc.***  
***Statement of Receipts, Expenditures, and Net Assets – Modified Cash Basis***  
***For the Year Ended June 30, 2008*** ***Exhibit A***

	<b>Unrestricted Funds</b>		<b>Temporarily Restricted Funds</b>	<b>Total Funds</b>
	<b>Smart Start Fund</b>	<b>Other Funds</b>		
<b>Receipts:</b>				
State Awards	\$ 1,823,513	\$ 1,105,981	\$ -	\$ 2,929,494
Federal Awards (less refunds of \$27,809)	-	311,522	-	311,522
Private Contributions	-	8,762	-	8,762
Interest and Investment Earnings	-	7,420	-	7,420
Sales Tax Refunds	-	4,555	-	4,555
Other Receipts	-	16,145	-	16,145
<b>Total Receipts</b>	<b>1,823,513</b>	<b>1,454,385</b>	<b>-</b>	<b>3,277,898</b>
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	-	11,465	(11,465)	-
	<b>1,823,513</b>	<b>1,465,850</b>	<b>(11,465)</b>	<b>3,277,898</b>
<b>Expenditures:</b>				
Programs:				
Child Care and Education Affordability	105,403	868	-	106,271
Child Care and Education Quality	905,538	367,034	-	1,272,572
Family Support	384,906	11,198	-	396,104
Health and Safety	44,259	-	-	44,259
More at Four	111,423	1,089,546	-	1,200,969
Support:				
Management and General	227,078	17,472	-	244,550
Program Coordination and Evaluation	44,906	-	-	44,906
Other:				
Refund of Prior Year Grants	-	8,975	-	8,975
Sales Tax Paid	-	3,596	-	3,596
<b>Total Expenditures</b>	<b>1,823,513</b>	<b>1,498,689</b>	<b>-</b>	<b>3,322,202</b>
<b>Excess (Deficiency) of Receipts Over Expenditures</b>	<b>-</b>	<b>(32,839)</b>	<b>(11,465)</b>	<b>(44,304)</b>
<b>Net Assets at Beginning of Year</b>	<b>-</b>	<b>147,463</b>	<b>18,899</b>	<b>166,362</b>
<b>Net Assets at End of Year</b>	<b>\$ -</b>	<b>\$ 114,624</b>	<b>\$ 7,434</b>	<b>\$ 122,058</b>
<b>Net Assets Consisted of:</b>				
Cash and Cash Equivalents	\$ 9,117	\$ 115,579	\$ 7,434	\$ 132,130
Less: Due to the State	9,117	-	-	9,117
Funds Held for Others	-	955	-	955
	<b>9,117</b>	<b>955</b>	<b>-</b>	<b>10,072</b>
	<b>\$ -</b>	<b>\$ 114,624</b>	<b>\$ 7,434</b>	<b>\$ 122,058</b>

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

***Iredell County Partnership for Young Children, Inc.***  
***Statement of Functional Expenditures – Modified Cash Basis***  
***For the Year Ended June 30, 2008***

***Exhibit B***

	<b>Total</b>	<b>Personnel</b>	<b>Contracted Services</b>	<b>Supplies and Materials</b>	<b>Other Operating Expenditures</b>	<b>Fixed Charges and Other Expenditures</b>	<b>Property and Equipment Outlay</b>	<b>Services/Contracts/Grants</b>
<b>Smart Start Fund:</b>								
<b>Programs:</b>								
Child Care and Education Affordability	\$ 105,403	\$ 62,095	\$ -	\$ 904	\$ 7,927	\$ 34,440	\$ 37	\$ -
Child Care and Education Quality	905,538	438,260	-	10,338	37,105	74,372	487	344,976
Family Support	384,906	327,961	-	5,506	25,190	24,993	66	1,190
Health and Safety	44,259	37,283	-	282	3,813	2,881	-	-
More at Four	111,423	91,489	-	187	6,263	13,484	-	-
	<u>1,551,529</u>	<u>957,088</u>	<u>-</u>	<u>17,217</u>	<u>80,298</u>	<u>150,170</u>	<u>590</u>	<u>346,166</u>
<b>Support:</b>								
Management and General	227,078	177,977	10,421	2,375	16,816	19,422	67	-
Program Coordination and Evaluation	44,906	44,300	-	2	566	38	-	-
	<u>271,984</u>	<u>222,277</u>	<u>10,421</u>	<u>2,377</u>	<u>17,382</u>	<u>19,460</u>	<u>67</u>	<u>-</u>
<b>Total Smart Start Fund Expenditures</b>	<b>\$ 1,823,513</b>	<b>\$ 1,179,365</b>	<b>\$ 10,421</b>	<b>\$ 19,594</b>	<b>\$ 97,680</b>	<b>\$ 169,630</b>	<b>\$ 657</b>	<b>\$ 346,166</b>
<b>Other Funds:</b>								
<b>Programs:</b>								
Child Care and Education Affordability	\$ 868	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 868	\$ -
Child Care and Education Quality	367,034	140,670	-	2,031	16,386	7,001	3,972	196,974
Family Support	11,198	3,000	-	2,593	271	-	3,401	1,933
More at Four	1,089,546	53,829	-	3,014	9,333	2,697	1,366	1,019,307
	<u>1,468,646</u>	<u>197,499</u>	<u>-</u>	<u>7,638</u>	<u>25,990</u>	<u>9,698</u>	<u>9,607</u>	<u>1,218,214</u>
<b>Support:</b>								
Management and General	17,472	4,906	11,665	13	742	146	-	-
<b>Other:</b>								
Refund of Prior Year Grants	8,975	-	-	-	-	8,975	-	-
Sales Tax Paid	3,596	-	-	3,596	-	-	-	-
	<u>12,571</u>	<u>-</u>	<u>-</u>	<u>3,596</u>	<u>-</u>	<u>8,975</u>	<u>-</u>	<u>-</u>
<b>Total Other Funds Expenditures</b>	<b>\$ 1,498,689</b>	<b>\$ 202,405</b>	<b>\$ 11,665</b>	<b>\$ 11,247</b>	<b>\$ 26,732</b>	<b>\$ 18,819</b>	<b>\$ 9,607</b>	<b>\$ 1,218,214</b>

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



*Iredell County Partnership for Young Children, Inc.*  
*Notes to Financial Statements*  
*June 30, 2008*

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization and Purpose** - The Iredell County Partnership for Young Children, Inc. (Iredell Partnership) is a legally separate nonprofit organization incorporated on May 16, 1996. The Iredell Partnership was established to develop and provide, through public and private means, early childhood education and developmental services for children and families. The Iredell 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 Iredell 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 Iredell Partnership did not have any permanently restricted net assets at June 30, 2008.

**C. Basis of Accounting** – The accompanying financial statements were prepared on the modified cash basis of accounting. This basis differs from accounting principles generally accepted in the United States of America primarily because it recognizes long lived assets and other costs which benefit more than one period as expended in the year purchased; it recognizes revenue when received rather than when earned; and it recognizes expenditures when paid rather than when incurred.

However, unexpended advances to contractors that revert back to the State of North Carolina are recognized as a reduction to expenditures and an increase to net assets. 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 advanced to the local Partnership that are unexpended and unearned at year-end are recorded as a Due to the State.

*Iredell County Partnership for Young Children, Inc.*  
*Notes to Financial Statements*  
*June 30, 2008*

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- 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. Due to the State** – The funding provided by the State of North Carolina for the Smart Start program is funded on a cost reimbursement basis. The money is earned to the extent of allowable costs incurred. Any unexpended funds as of June 30 are required to be reverted to The North Carolina Partnership for Children, Inc. to be returned to the State of North Carolina.
- F. Funds Held For Others** – Funds held for others includes amounts received that are fiduciary in nature in which the Iredell Partnership acts in an agency capacity. At the year ended June 30, 2008 the Iredell Partnership was holding funds withheld from employee paychecks for future distribution in accordance with the Iredell Partnership's flexible benefits plan.
- G. Property and Equipment** – Under the modified cash basis of accounting, purchases of property and equipment are reported as expenditures in the year purchased. However, Iredell Partnership is required by contract regulation to track and maintain property and equipment items as presented in Schedule 4 of this report. The Iredell 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, 2008. Donated items are recorded at estimated fair market value at the date of donation.
- H. 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.
- I. Use of Estimates** - The preparation of financial statements in conformity with the modified cash basis of accounting used by the Iredell 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.

*Iredell County Partnership for Young Children, Inc.*  
*Notes to Financial Statements*  
*June 30, 2008*

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**NOTE 2 - DEPOSITS**

All funds of the Iredell Partnership are deposited with commercial banks and insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000 per bank. Deposits over this amount subjects the Iredell Partnership to a concentration of credit risk. At June 30, 2008, the Iredell Partnership's bank deposits in excess of the FDIC insured limit was \$92,143.

**NOTE 3 - FUNDING FROM GRANT AWARDS**

**Smart Start Program** – Iredell 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 Iredell Partnership and represents a concentration of credit risk as to the generation of revenue.

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

The Iredell Partnership was awarded and received \$1,832,630 under a current year Smart Start contract with NCPC. The unexpended balance of this contract is subject to reversion to the State. The Iredell Partnership has returned \$9,117 of this contract to the State based on financial status reports submitted to NCPC subsequent to June 30, 2008.

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

**More at Four** – Another Major source of revenue and support for the Iredell Partnership is from the State of North Carolina Departments of Public Instruction for the More at Four Program. Iredell Partnership was awarded \$1,135,770 and received \$1,094,316 during the fiscal year ended June 30, 2008 under a purchase of service contract. A significant reduction in the level of funding from the State could have an adverse effect on the operations of this program.

Iredell Partnership expects to receive continued funding through new More at Four contracts with the State.

*Iredell County Partnership for Young Children, Inc.*  
*Notes to Financial Statements*  
*June 30, 2008*

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**NOTE 3 - FUNDING FROM GRANT AWARDS (CONTINUED)**

**Child Care Resource and Referral Program** – The Iredell Partnership’s other major source of revenue and support is from the State of North Carolina based on a cost-reimbursement contract with DHHS for the Child Care Resource and Referral Early Childhood Initiatives Program. The Iredell Partnership was awarded \$358,794 and received \$339,331 under a current year contract with DHHS. The unexpended balance of this contract is subject to reversion to the State. During the current year, the Iredell Partnership returned \$27,809 of the prior year contract to the State based upon financial status reports submitted to the contractor. The Iredell Partnership expects to receive continued funding through new Family Support Network grants.

**NOTE 4 - RELATED PARTY TRANSACTIONS**

**Service Provider Contracts with Board Member Organizations** – The board members of the Iredell Partnership are representative of various organizations that benefit from actions taken by the Board. It is the policy of the Iredell Partnership that board members not be involved with decisions regarding organizations they represent. During the year, the Iredell 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 NCPC and DHHS with board member organizations for activities funded by the Iredell 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 Affordability** – Used to account for service activities including part-day care programs.

**Child Care and Education Quality** – Used to account for service activities including quality enhancement for upgrades, child care resource and referral, professional development, training and technical assistance for child care professionals, learning materials and teaching aids, transition to kindergarten, and health insurance benefits for child care providers.

*Iredell County Partnership for Young Children, Inc.*  
*Notes to Financial Statements*  
*June 30, 2008*

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**NOTE 5 - FUNCTIONAL EXPENDITURES (CONTINUED)**

**A. Program Functions (continued)**

**Family Support** – Used to account for service activities including ongoing parenting education, parenting skills training, general family support, and community outreach information and resources.

**Health and Safety** – Used to account for service activities including child care health consultant services.

**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 and Evaluation** – Coordination includes expenditures that are incurred to coordinate the policies, procedures, and daily practices of service delivery. Evaluation includes 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:

**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 - LEASE OBLIGATIONS**

**Operating Lease Obligations** - Operating lease obligations relating to copier equipment are recorded at the present value of the minimum lease payments. Future minimum lease payments under operating lease obligations consist of the following at June 30, 2008:

*Iredell County Partnership for Young Children, Inc.*  
*Notes to Financial Statements*  
*June 30, 2008*

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**NOTE 6 - LEASE OBLIGATIONS (CONTINUED)**

<u>Fiscal Year</u>	<u>Operating Leases</u>
2009	\$ 127,860
2010	121,664
2011	118,792
2012	113,702
2013	2,436
Thereafter	<u>406</u>
<b>Total Minimum Lease Payments</b>	<b><u>\$ 484,860</u></b>

Rental expense for all operating leases during the year was \$171,170.

**NOTE 7 - PENSION PLAN**

**IRC Section 403(b) Plan** – Each employee of the Iredell Partnership is provided, as part of the benefits package, an additional 6% of their salary to be applied to a retirement plan (the Plan). Other than the percentage contribution, the Iredell Partnership has no liability for any other cost of the Plan. All permanent employees who are at least half-time may participate in a tax sheltered annuity plan created under Internal Revenue Code Section 403(b). 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 Iredell Partnership contributed \$47,508 for retirement benefits during the year.

**NOTE 8 - RISK MANAGEMENT**

The Iredell 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 Iredell 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 Iredell Partnership. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

*Iredell County Partnership for Young Children, Inc.*  
*Notes to Financial Statements*  
*June 30, 2008*

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**NOTE 9 - COMMITMENTS AND CONTINGENCIES**

**Compensated Absences** – As a result of the Iredell 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, 2008, is \$28,465. Although unrestricted funds are sufficient to meet this commitment, no funds or reservation of net assets have been encumbered for this commitment.

**NOTE 10 - RESTRICTIONS ON NET ASSETS**

**A. Temporarily Restricted Net Assets** – Temporarily restricted net assets at June 30, 2008 are available for the following purposes:

<u>Purpose</u>	<u>Amount</u>
Family Support – General	\$ 9
Fundraising and Administration	<u>7,425</u>
<b>Total</b>	<b><u>\$ 7,434</u></b>

**B. Net Assets Released From Donor Restrictions** - Net assets were released from donor restrictions during the fiscal year ended June 30, 2008, by incurring expenditures satisfying the restricted purposes as follows:

<u>Purpose</u>	<u>Amount</u>
Fundraising and Administration	\$ 8,975
Family Support – General	339
Family Support – Parent Education	1,594
Special Needs – Early Intervention	<u>557</u>
<b>Total</b>	<b><u>\$ 11,465</u></b>

This information is an integral part of the financial statements.

***Iredell County Partnership for Young Children, Inc.***  
***Schedule of Contract and Grant Expenditures – Modified Cash Basis***  
***For the Year Ended June 30, 2008***

***Schedule 1***

Organization Name	Smart Start Fund		Other Funds	
	Amount Advanced	Refund Due	Amount Advanced	Refund Due
<b><i>Paid to Organizations:</i></b>				
Agape Christian Academy	\$ -	\$ -	\$ 73,418	\$ -
Alexander County Partnership for Children	-	-	38,054	-
American Child, Inc.	15,150	-	-	-
Ashe County Partnership for Children	-	-	42,563	-
Barium Springs Home for Children	*	-	358,533	-
Bright Start Academy	18,150	-	74,250	-
Central Child Development Center	13,650	-	-	-
Children's Council of Watauga County	-	-	42,804	-
Various Child Care Centers - Comprehensive Benefits	47,400	-	-	-
Fairview Baptist Church Daycare, Inc.	15,900	-	-	-
I-Care, Inc.	*	-	8,750	-
J-Bear Child Development Center	25,500	-	-	-
Kiddie Kollege Early Learning Center, Inc.	-	-	111,375	-
Lifespan Circle School	-	-	74,114	-
Mooresville Graded School District	*	-	147,913	-
Various Child Care Centers - More at Four Start-up	-	-	1,968	-
Statesville Christian Academy	-	-	82,640	-
Triplett United Methodist Church Child Development Center	16,350	-	-	-
Tutor Time Childcare	-	-	74,285	-
Wee Ladds & Lassies Child Development Center	12,450	-	-	-
Wilkes Community Partnership for Children	-	-	38,829	-
	<u>193,800</u>	<u>-</u>	<u>1,169,496</u>	<u>-</u>
<b><i>Paid to Individuals:</i></b>				
Education Awards	*	74,770	-	46,750
Parent Stipend		450	-	339
Comprehensive Benefits		75,956	-	35
Books for Babies		1,190	-	1,594
		<u>152,366</u>	<u>-</u>	<u>48,718</u>
	<u>\$ 346,166</u>	<u>\$ -</u>	<u>\$ 1,218,214</u>	<u>\$ -</u>

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



***Iredell County Partnership for Young Children, Inc.  
Schedule of State Level Service Provider Contracts  
For the Year Ended June 30, 2008***

***Schedule 2***

<b>Organization Name</b>	<b>DHHS Contracts</b>
Child Care Services Association - WAGE\$	\$ 159,510
Iredell County Department of Social Services *	845,027
	<u>\$ 1,004,537</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 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.

***Iredell County Partnership for Young Children, Inc.  
Schedule of Federal and State Awards – Modified Cash Basis  
For the Year Ended June 30, 2008***

***Schedule 3***

<u>Federal/State Grantor/Pass-through Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Contract #</u>	<u>Receipts</u>	<u>Expenditures</u>
<b>Federal Awards:</b>				
U.S. Department of Health and Human Services				
Pass-through from the North Carolina Department of Health and Human Services				
Division of Child Development				
Child Care Development Fund - Prior Year	93.575	307-12	\$ (27,809)	\$ 29,653
Child Care Development Fund - Current Year	93.575	407-12	<u>339,331</u>	<u>299,732</u>
<b>Total Federal Awards</b>			<u>311,522</u>	<u>329,385</u>
<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		*	1,823,513	1,823,513
Multi-County Accounting and Contracting Grant			11,665	11,665
North Carolina Department of Public Instruction, Office of School Readiness				
More at Four Pre-Kindergarten Program		00107-07	-	2,382
More at Four Pre-Kindergarten Program		0043-07	-	42,838
More at Four Pre-Kindergarten Program		0043-08	1,078,598	1,035,080
More at Four Pre-Kindergarten Program		EP4494927	6,718	2,221
More at Four Pre-Kindergarten Program - Start-up		0043-08	<u>9,000</u>	<u>9,050</u>
<b>Total State Awards</b>			<u>2,929,494</u>	<u>2,926,749</u>
<b>Total Federal and State Awards</b>			<u>\$ 3,241,016</u>	<u>\$ 3,256,134</u>

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

***Iredell County Partnership for Young Children, Inc.***  
***Schedule of Property and Equipment – Modified Cash Basis***  
***For the Year Ended June 30, 2008***

***Schedule 4***

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Furniture and Noncomputer Equipment	\$	78,129
Computer Equipment/Printers		48,754
Leasehold Improvements		<u>396,893</u>
<b>Total Property and Equipment</b>	<b>\$</b>	<b><u><u>523,776</u></u></b>

Note: The information on this schedule provides a summary of property and equipment with acquisition or donated cost of \$500 or more which were held by the Partnership at year end. The valuations represent historical cost. On the modified basis of accounting, these items are expensed in the year of purchase.

***Iredell County Partnership for Young Children, Inc.  
Schedule of Qualifying Match (Non-GAAP)  
For the Year Ended June 30, 2008***

***Schedule 5***

**Match Provided at the Partnership Level:**

Cash	\$	29,660
In-Kind Goods and Services		<u>37,780</u>
	\$	<u><u>67,440</u></u>

**Match Provided at the Contractor Level:**

Cash	\$	447,541
In-Kind Goods and Services		<u>-</u>
	\$	<u><u>447,541</u></u>

Note: This schedule is presented in accordance with the program match requirement as provided for by North Carolina Session Law 2007-323, Section 10.19(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.

**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**

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Board of Directors  
Iredell County Partnership for Young Children, Inc.  
Statesville, North Carolina

We have audited the financial statements of the Iredell County Partnership for Young Children, Inc. (Iredell Partnership) as of and for the year ended June 30, 2008, and have issued our report thereon dated January 31, 2009. 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 Iredell Partnership's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Iredell Partnership's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Iredell Partnership's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Iredell Partnership's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Iredell Partnership's financial statements that is more than inconsequential will not be prevented or detected by the Iredell Partnership's internal control.

**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)**

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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Iredell Partnership's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Iredell 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*.

We noted certain matters that we reported to management of the Iredell Partnership in a separate letter dated January 31, 2009.

This report is intended solely for the information and use of the Iredell Partnership's Board of Directors, management of the Iredell Partnership, others within the Partnership, The North Carolina Partnership for Children, Inc., the Governor, and the General Assembly of North Carolina and is not intended to be and should not be used by anyone other than these specified parties.

*Clifton Gunderson LLP*

Raleigh, North Carolina  
January 31, 2009

## ORDERING INFORMATION

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Audit reports issued by the Office of the State Auditor can be obtained from the web site at [www.ncauditor.net](http://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 audit reports 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