

January 5, 2021

Board of Directors  
Partnership of Ashe  
Jefferson, North Carolina

Dear Board Members,

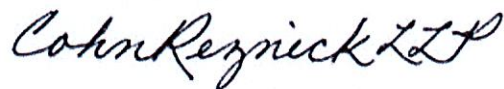
In planning and performing our audit of the financial statements of Partnership of Ashe (the Organization) as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered Partnership of Ashe's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of Partnership of Ashe's Board of Directors and management, 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.

Very truly yours,



Charlotte, North Carolina  
January 5, 2021

January 5, 2021

Board of Directors  
Partnership of Ashe  
Jefferson, North Carolina

Dear Board Members,

We have audited the financial statements of Partnership of Ashe as of and for the year ended June 30, 2020, and have issued our report thereon dated January 5, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 6, 2020. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Partnership of Ashe are described in Note 1 to the financial statements. We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. During 2020, Partnership of Ashe adopted ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The changes related to this significant accounting policy are more fully described in Note 1. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant estimates disclosed in the financial statements.

The most sensitive accounting estimates affecting the financial statements are estimates for the Statement of Functional Expenditures – Modified Cash Basis.

We evaluated the key factors and assumptions used to develop Statement of Functional Expenditures – Modified Cash Basis and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We identified no such sensitive disclosure affecting the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Provided separately to management, a schedule that summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no adjustments identified by CohnReznick during the audit and there are no uncorrected misstatements.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated January 5, 2021.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the modified cash basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of Partnership of Ashe, 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.

Very truly yours,

*CohnReznick LLP*

Charlotte, North Carolina

FINANCIAL STATEMENT AUDIT REPORT OF  
PARTNERSHIP OF ASHE  
JEFFERSON, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2020

BOARD OF DIRECTORS  
JULIE LANDRY, BOARD CHAIR

ADMINISTRATIVE OFFICER  
KIM BARNES, EXECUTIVE DIRECTOR

Partnership of Ashe

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Independent Auditor's Report

To Board Members of  
Partnership of Ashe  
Jefferson, North Carolina

Report on Financial Statements

We have audited the accompanying financial statements of Partnership of Ashe, which comprise the Statement of Receipts, Expenditures, and Net Assets - Modified Cash Basis as of and for the year ended June 30, 2020, and the related Statement of Functional Expenditures - Modified Cash Basis for the year then ended, and the related notes to the financial statements.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the Statement of Receipts, Expenditures and Net Assets of the Partnership of Ashe, as of and for the year ended June 30, 2020, and the Statement of Functional Expenditures for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

## *Other Matters*

### *Basis of Accounting*

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

### Report on Supplementary Information

Schedule 2 on page 24 and Schedule 5 on page 28 are not a required part of the basic financial statements but is supplementary information required by the North Carolina Office of the State Auditor. In accordance with auditing standards generally accepted in the United States of America, we have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion or provide any assurance on Schedules 2 and 5.

Our audit was conducted for the purpose of forming an opinion on the financial statements of Partnership of Ashe. The accompanying supplementary Schedules 1, 3, and 4 are also presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2021, on our consideration of Partnership of Ashe's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of Partnership of Ashe's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Partnership of Ashe's internal control over financial reporting and compliance.

*CohnReznick LLP*

Charlotte, North Carolina  
January 5, 2021

**Partnership of Ashe**  
**Statement of Receipts, Expenditures, and Net Assets - Modified Cash Basis**  
**For the Year Ended June 30, 2020**

**Exhibit A**

	Without Donor Restrictions	With Donor Restrictions	Total Funds
<b>Receipts:</b>			
State Awards and Contracts	\$ 428,295	\$ 14,220	\$ 442,515
Federal Awards	246,787	8,837	255,624
Local Awards	52,920	-	52,920
Private Contributions	17,611	10,560	28,171
Special Fund Raising Events	11,840	2,000	13,840
Interest and Investment Earnings	642	-	642
Sales Tax Refunds	7,000	-	7,000
Other Receipts	7,091	-	7,091
<b>Total Receipts</b>	<b>772,186</b>	<b>35,617</b>	<b>807,803</b>
<b>Net Assets Released from Restrictions:</b>			
Satisfaction of Program Restrictions	26,200	(26,200)	-
	<b>798,386</b>	<b>9,417</b>	<b>807,803</b>
<b>Expenditures:</b>			
<b>Programs:</b>			
Child Care and Education Quality	122,639	-	122,639
Family Support	163,187	-	163,187
Crisis Intervention - Domestic Violence & Sexual Assault	362,807	-	362,807
<b>Support:</b>			
Management and General	93,564	-	93,564
Program Planning, Coordination and Evaluation	34,354	-	34,354
<b>Other:</b>			
Sales Tax Paid	6,352	-	6,352
<b>Total Expenditures</b>	<b>782,903</b>	<b>-</b>	<b>782,903</b>
<b>Excess (Deficiency) of Receipts Over Expenditures</b>	<b>15,483</b>	<b>9,417</b>	<b>24,900</b>
<b>Net Assets at Beginning of Year</b>	<b>(51,365)</b>	<b>45,136</b>	<b>(6,229)</b>
<b>Net Assets at End of Year</b>	<b>\$ (35,882)</b>	<b>\$ 54,553</b>	<b>\$ 18,671</b>
<b>Net Assets Consisted of:</b>			
Cash and Cash Equivalents	\$ 946	\$ 44,553	\$ 45,499
Beneficial Interest in Community Foundation	-	10,000	10,000
Less: Due to State	38,156	-	38,156
Funds Held for Others	(1,328)	-	(1,328)
<b>Total Net Assets</b>	<b>\$ (35,882)</b>	<b>\$ 54,553</b>	<b>\$ 18,671</b>

The Accompanying Notes are an Integral Part of the Financial Statements.

Partnership of Ashe  
 Statement of Functional Expenditures - Modified Cash Basis  
 For the Year Ended June 30, 2020

Exhibit B

	Total	Personnel	Contracted Services	Supplies and Materials	Other Operating Expenditures	Fixed Charges and Other Expenditures	Property and Equipment Outlay	Services/Contracts/Grants
<b>Smart Start Fund:</b>								
<b>Programs:</b>								
Child Care and Education Quality	\$ 105,134	\$ 80,420	\$ -	\$ 7,302	\$ 6,792	\$ 3,345	\$ -	\$ 7,275
Family Support	29,382	18,402	-	1,988	4,155	3,404	138	1,295
	<u>134,516</u>	<u>98,822</u>	<u>-</u>	<u>9,290</u>	<u>10,947</u>	<u>6,749</u>	<u>138</u>	<u>8,570</u>
<b>Support:</b>								
Management and General	86,207	53,640	3,350	5,903	8,400	8,770	6,144	-
Program Planning, Coordination and Evaluation	34,442	30,252	-	487	2,140	1,563	-	-
	<u>120,649</u>	<u>83,892</u>	<u>3,350</u>	<u>6,390</u>	<u>10,540</u>	<u>10,333</u>	<u>6,144</u>	<u>-</u>
<b>Total Smart Start Fund Expenditures</b>	<b>\$ 255,165</b>	<b>\$ 182,714</b>	<b>\$ 3,350</b>	<b>\$ 15,680</b>	<b>\$ 21,487</b>	<b>\$ 17,082</b>	<b>\$ 6,282</b>	<b>\$ 8,570</b>
<b>Other Funds:</b>								
<b>Programs:</b>								
Child Care and Education Quality	\$ 17,505	\$ 14,825	\$ -	\$ 964	\$ 1,466	\$ 250	\$ -	\$ -
Family Support	133,805	92,884	165	3,514	19,250	3,070	-	14,922
Crisis Intervention - Domestic Violence & Sexual Assault	362,807	187,810	867	14,945	28,461	10,727	37,056	82,941
	<u>514,117</u>	<u>295,519</u>	<u>1,032</u>	<u>19,423</u>	<u>49,177</u>	<u>14,047</u>	<u>37,056</u>	<u>97,863</u>
<b>Support:</b>								
Management and General	7,357	137	674	576	2,123	2,646	-	1,201
Program Planning, Coordination and Evaluation	(88)	-	-	(99)	11	-	-	-
	<u>7,269</u>	<u>137</u>	<u>674</u>	<u>477</u>	<u>2,134</u>	<u>2,646</u>	<u>-</u>	<u>1,201</u>
<b>Other:</b>								
Sales Tax Paid	6,352	-	-	6,352	-	-	-	-
	<u>6,352</u>	<u>-</u>	<u>-</u>	<u>6,352</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Other Funds Expenditures</b>	<b>\$ 527,738</b>	<b>\$ 295,656</b>	<b>\$ 1,706</b>	<b>\$ 26,252</b>	<b>\$ 51,311</b>	<b>\$ 16,693</b>	<b>\$ 37,056</b>	<b>\$ 99,064</b>

The Accompanying Notes are an Integral Part of the Financial Statements.

**PARTNERSHIP OF ASHE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization and Purpose** – Ashe County Partnership for Children is a legally separate nonprofit organization incorporated on January 19, 1995. On June 3, 2019, the Partnership legally changed its name to the Partnership of Ashe. The Partnership of Ashe was established to develop and provide, through public and private means, early childhood education and developmental services for children and families. The Partnership of Ashe 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 Partnership of Ashe's Board of Directors is responsible. Pursuant to the provisions of Financial Accounting Standards Board's Accounting Standards for *Not-For-Profit Entities*, the accompanying financial statements present information according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets without donor restrictions are the part of net assets not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants). Net assets with donor restrictions are the part of net assets subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants). As permitted by this Standard, contributions with donor restrictions received and expended in the same year are reported as receipts without donor restrictions rather than receipts with donor restrictions.

Contributions with donor restrictions that are not expended within the year received are reported as an increase in net assets with donor restrictions. When the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Receipts, Expenditures, and Net Assets as net assets released from restrictions.

**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. In addition, amounts withheld from employee paychecks or other amounts received in an agency capacity are recorded as

funds held for others. Additionally, Smart Start funds advanced to the Local Partnership that are unexpended and unearned at year end are recorded as funds Due to the State.

- 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 certificates of deposit and other short-term investments with an original maturity of three months or less.
- E. **Beneficial Interest in Community Foundation** - This classification consists of funds invested with North Carolina Community Foundation as reported in Note 14. These amounts are included in the amounts shown in the With Donor Restrictions column of Exhibit A and represent the irrevocable principal in an endowment fund as described more fully in Note 15.
- F. **Due to State** - The funding provided by the State of North Carolina for the Smart Start Initiative 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.
- G. **Funds Held For Others** - Funds Held for Others includes amounts received that are fiduciary in nature in which the Partnership of Ashe acts in an agency capacity. For the year ended June 30, 2020, the Partnership of Ashe was not holding amounts withheld from employee paychecks. For the year ended June 30, 2020, the Partnership of Ashe had advanced payments for employee insurance and deductions that were withheld from employee paychecks subsequent to June 30, 2020 in the amount of \$1,328.
- H. **Property and Equipment** - Under the modified cash basis of accounting, purchases of property and equipment are reported as expenditures in the year incurred. However, Partnership of Ashe is required by contract regulation to track and maintain property and equipment items as presented in Schedule 4 of this report. The Partnership of Ashe 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 price, which may be different from their valuation as of June 30, 2020. Donated items are recorded on the property and equipment log at estimated acquisition value at the date of donation, which is defined as the price that would be paid to acquire an asset with equivalent service capacity in an orderly market transaction at the acquisition date.
- I. **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 9A.

- J. **Use of Estimates** - The preparation of financial statements in conformity with the modified cash basis of accounting used by the Partnership of Ashe 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.
- K. **Qualifying Match and Contributions In-Kind** - Partnership of Ashe, in accordance with applicable Smart Start legislation, reports qualifying match provided at both the Partnership and the contractor level; the qualifying match is reported in supplemental Schedule 5. The match includes cash received and expended at the Partnership level, which is included in the modified cash basis financial statements. The qualifying match reported on Schedule 5 for cash provided at the contractor level and for in-kind goods and services at both the Partnership and contractor levels is not recorded in the modified cash basis financial statements. In-kind contributions could be donated equipment, supplies, office space, or services. Partnership of Ashe also benefits from donor volunteer hours which do not require specific expertise, but which are nonetheless central to Partnership of Ashe's operations. See supplemental Schedule 5 for more information on contributions in-kind.
- L. **Change in Accounting Principle** - During 2020, the Partnership adopted the provisions of Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* ("ASU 2016-14"). The update addresses the complexity and understandability of net asset classifications, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Partnership has adjusted the presentation of these statements accordingly. ASU 2016-14 has been applied on a retrospective basis.

**NOTE 2 - DEPOSITS**

All funds of Partnership of Ashe's Partnership are deposited with commercial banks and insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank.

Deposits over insured amounts subjects the Partnership of Ashe to a concentration of credit risk. At June 30, 2020, The Partnership of Ashe did not have any bank deposits not insured by FDIC.

**NOTE 3 - FUNDING FROM GRANT AWARDS AND CONTRACTS**

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

Associated with these contracts, the Partnership of Ashe 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 Partnership of Ashe. 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 Partnership of Ashe was awarded and has received \$293,332 under a current year Smart Start contract with NCPC. The unexpended balance of this contract is subject to reversion to the State. The Partnership of Ashe has refunded \$38,156 of this contract to the State based on financial status reports submitted to NCPC subsequent to June 30, 2020. Partnership of Ashe has also returned \$11 of a previous year's contract during the year ended June 30, 2020.

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

**Dolly Parton Imagination Library** - The Partnership of Ashe was awarded \$10,129, received \$10,000 and expended \$10,015 under a current year Dolly Parton Imagination Library Expansion Grant (DPIL) with NCPC. As allowed by program regulation, the unexpended balance of the current year contract is available to carry forward to the subsequent year.

The Partnership of Ashe expects to receive continued funding through new DPIL contracts with NCPC.

**Family Violence Prevention** - Partnership of Ashe received revenue and support from the North Carolina Department of Administration - Council for Women funded through a Family Violence Prevention grant. Partnership of Ashe was awarded \$42,532 for the contract period of October 1, 2017 through September 30, 2019. Partnership of Ashe has received \$4,229 and expended \$903 during the period ended June 30, 2020. Partnership of Ashe was awarded \$25,000 for the contract period of October 1, 2019 through September 30, 2021. Partnership of Ashe has received \$15,081 and expended \$19,888 under a previous year's financial assistance contract.

Partnership of Ashe expects to receive continued funding through new contracts with the North Carolina Department of Administration - Council for Women.

**FEMA** - Partnership of Ashe received revenue and support from the Emergency Food & Shelter Program funded through a Federal Emergency Management Agency (FEMA) grant from the United Way. Partnership of Ashe was awarded \$1,049 for the contract period ending January 31, 2020. Partnership of Ashe has received \$525 and expended \$0 during the period ended June 30, 2020 under a previous year's financial assistance contract. Partnership of Ashe was awarded \$1,076 for the contract period ending January 31, 2021. Partnership of Ashe has received \$1,076 and expended \$1,076 under a current year financial assistance contract.

Partnership of Ashe does not expect to receive continued funding through new contracts with the United Way.

**Triple P** - Partnership of Ashe received revenue and support from the Maternal and Child Health Block Program funded through a Positive Parenting Program (Triple P) grant from the Appalachian District Health Department. Partnership of Ashe was awarded and received \$45,000 and expended \$36,163 under a current financial assistance contract. The Appalachian District Health Department has allowed Partnership of Ashe to carry forward the unspent funds from this grant award until June 20, 2021.

Partnership of Ashe does not expect to receive continued funding through new contracts with the Appalachian District Health Department.

**Governor's Crime Commission** - Partnership of Ashe received revenue and support from the North Carolina Department of Crime Control and Public Safety funded through a Governor's Crime Commission grant. Partnership of Ashe was awarded \$125,000 for the contract period of October 1, 2017 through September 30, 2019. Partnership of Ashe has received \$40,590 and expended \$25,240 during the period ended June 30, 2020. Partnership of Ashe was awarded \$323,355 for the contract period of October 1, 2018 through September 30, 2020. Partnership of Ashe has received \$126,716 and expended \$149,547 under a current year financial assistance contract.

Partnership of Ashe expects to receive continued funding through new contracts with the North Carolina Department of Crime Control and Public Safety.

**North Carolina Coalition Against Sexual Assault** - Partnership of Ashe received revenue and support from the North Carolina Department of Crime Control and Public Safety funded through a Sexual Assault Services Program (SASP) grant. Partnership of Ashe was awarded \$23,275 for the contract period of October 1, 2018 through September 30, 2019. Partnership of Ashe has received \$16,944 and expended \$4,446 during the period ended June 30, 2020. Partnership of Ashe was awarded \$27,383 for the contract period of January 1, 2020 through December 31, 2020. Partnership of Ashe has received \$5,463 and expended \$12,106 under a current year financial assistance contract.

Partnership of Ashe does not expect to receive continued funding through new contracts with the North Carolina Department of Crime Control and Public Safety.

**DHHS Children's Trust Grant** - Partnership of Ashe received revenue and support from DHHS funded through a Children's Trust Program Services grant. Partnership of Ashe was awarded \$86,992, received \$60,457 and expended \$86,992 under a current year financial assistance contract. Partnership of Ashe has also received \$10,361 and expended \$0 during the period ended June 30, 2020 under a prior year financial assistance contract.

Partnership of Ashe expects to receive continued funding through new contracts with DHHS.



**Council for Women** - Partnership of Ashe received revenue and support from the North Carolina Department of Administration funded through Domestic Violence (DV), Sexual Assault, Marriage License (MLF), and Divorce Filing Fees (DFF) grants from the Council for Women and Domestic Violence Commission. Partnership of Ashe was awarded \$107,783, received \$105,792, and expended \$91,686 under a current year financial assistance contract. The terms of this contract allow unspent funds to be carried forward and spent by September 30, 2020. Partnership of Ashe also received \$740 and expended \$18,503 under a prior year financial assistance contract during the year ended June 30, 2020.

Partnership of Ashe expects to receive continued funding through new contracts with the Council for Women and Domestic Violence Commission.

**NOTE 4 - RELATED PARTY TRANSACTIONS**

**A. Service Provider Contracts with Board Member Organizations** - The board members of the Partnership of Ashe are representative of various organizations that benefit from actions taken by the Board. It is the policy of the Partnership of Ashe that board members not be involved with decisions regarding organizations they represent. During the year, the Partnership of Ashe entered into contracts with board member organizations for program activities as identified on Schedule 1 accompanying the financial statements. In addition, Schedule 2 identifies contracts entered into by DHHS with board member organizations for activities funded by the Partnership of Ashe's Smart Start allocation.

**B. Other Related Parties** - The Partnership of Ashe entered into transactions for maintenance and building improvements with a private business associated with a relative of an employee of the Partnership of Ashe. The amounts paid included:

Expenditures	Amount
Lawn maintenance	\$ 2,055
Security for main entrance	3,449
	<u>\$ 5,504</u>

Ashe County Children's Endowment is a separate 501(c)3, non-profit agency. Its purpose is to provide financial resources for programs conducted by Ashe County 4-H and Partnership of Ashe to enrich the quality of life for all children in Ashe County. The Executive Director of Partnership of Ashe and Ashe County 4-H sit on the Ashe County Children's Endowment Board of Directors in an advisory capacity. They are not voting members. The Board Chair for the Partnership of Ashe currently serves in a dual capacity, also being the Board Chair of the Ashe County Children's Endowment. The bank account for this Endowment is maintained by the Ashe County Children's Endowment agency.

**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 associated with quality maintenance, child care resource and referral, professional development and supplements, literacy for child care providers, child care substitutes, provider training, mentoring programs, AmeriCorps, special needs – early intervention support for child care professionals, learning materials and teaching aids, curriculum enhancements, child care needs and resources assessments, kindergarten orientation/transition, or health insurance benefits for child care providers.

**Family Support** - Used to account for service activities associated with family resource centers, teen parent/child programs, ongoing parenting education, general family support, family intervention, literacy or family literacy projects, transportation services, community systems building and public awareness, and home visiting.

**Crisis Intervention - Domestic Violence and Sexual Assault** - Used to account for service activities associated with the operation of the domestic violence and sexual assault prevention and intervention program, which includes case management, crisis intervention, community outreach, information, resource and referral, 24-hour crisis line, emergency housing services, and other services for victims and their loved ones.

**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 Planning, Coordination and Evaluation** - Expenditures that are incurred to coordinate the policies, procedures, daily practices, and evaluation of service delivery, needs assessment and strategic planning. Also, costs associated with providing technical assistance, monitoring and reporting of in-house and direct service provider activities 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 indirectly allocated based on estimates of utilization.

**NOTE 6 - OPERATING LEASE OBLIGATIONS**

Future minimum lease payments under non-cancelable operating leases consist of the following at June 30, 2020:

Fiscal Year	Operating Leases
2021	\$ 12,285
2022	5,285
2023	285
2024	285
2025	119
Total Minimum Lease Payments	<u>\$ 18,259</u>

Rental expense for all operating leases during the year was \$13,637.

**NOTE 7 - PENSION PLAN**

**IRC Section 403(b) Plan** - All permanent employees who are at least half time can participate in a tax sheltered annuity plan (Plan) created under Internal Revenue Code Section 403(b). The Plan is a defined contribution plan in which each employee of the Partnership of Ashe, as a condition of employment, is provided an individual annuity through an outside insurance company. The Partnership of Ashe contributed up to 5% of gross wages for the year ended June 30, 2020. 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 Partnership of Ashe contributed \$11,599 for retirement benefits during the year.

**NOTE 8 - RISK MANAGEMENT**

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

**NOTE 9 - COMMITMENTS AND CONTINGENCIES**

- A. Compensated Absences** - As a result of Partnership of Ashe'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, 2020 is \$25,067. No funds or reservation of net assets has been made for this commitment.
- B.** In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity. As of June 30, 2020, there was no significant impact to Partnership of Ashe's operations. However, Partnership of Ashe is not able to reliably estimate the length or severity of this outbreak. If the length of the outbreak and related effects on the Partnership's operations continues for an extended period of time, there could be a loss of revenue and other material adverse effects to the Partnership's financial position, results of operations, and cash flows.

**NOTE 10 - RESTRICTIONS ON NET ASSETS**

**A. Net Assets With Donor Restrictions - Net assets with donor restrictions at June 30, 2020 are available for the following purposes:**

Purpose	Amount
Council for Women - DV Grant: ASHE Program	\$ 11,505
Council for Women - MLF Grant: ASHE Program	166
Council for Women - DFF Grant: ASHE Program	2,435
Dolly Parton Imagination Library	114
Triple P Program	8,837
Ashe Community Foundation: Planting the Seeds to Read Program	500
Women's Fund of the Blue Ridge: ASHE Program	896
ASHE Private: ASHE Program	16,064
ECE Lending Library: Lending Library	1,000
Family Foundations: Family Foundations Program	1,000
Planting the Seeds to Read: Planting the Seeds to Read Program	2,036
	<u>\$ 44,553</u>

**B. Net Assets Released From Donor Restrictions - Net assets were released from donor restrictions during the fiscal year ended June 30, 2020 by incurring expenditures satisfying the restricted purposes as follows:**

Purpose	Amount
Council for Women DV 18-19: ASHE Program	\$ 12,792
Council for Women ML 18-19: ASHE Program	3,391
Council for Women DFF 18-19: ASHE Program	1,580
Think Babies Grant: ECE Program	500
Dolly Parton Imagination Library: DPIL	129
ASHE Private: ASHE Program	7,808
	<u>\$ 26,200</u>

**C. Net Assets With Donor Restrictions - Endowments restricted in perpetuity at June 30, 2020 were restricted for the following purposes:**

Purpose	Amount
Ashe County Children's Endowment	\$ 10,000
	<u>\$ 10,000</u>

**NOTE 11 - FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS**

The following reflects Partnership of Ashe financial assets as of June 30, 2020 reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of June 30, 2020:

Financial assets at year-end	\$	18,671
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time and purpose restrictions (See Note 10 A)		(44,553)
Permanently restricted by donor (See Note 10C)		<u>(10,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>(35,882)</u>

The Partnership of Ashe is supported by contributions with donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Partnership of Ashe must maintain sufficient resources to meet these responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year.

As part of Partnership of Ashe's liquidity management, there are structures in place to align financial assets to be available as general expenditures, liabilities, and other obligations come due. In an effort to maintain cash flow and meet financial obligations while waiting on State budget approval and reimbursements from grants, a non-revolving line of credit can be renewed with the bank each fiscal year in the amount of \$50,000. The Board will be notified of this renewal. Any funds borrowed from this line of credit will be paid back as soon as regular cash flow resumes and funds are available.

**NOTE 12 - NET ASSETS WITHOUT DONOR RESTRICTIONS DEFICIT**

As of June 30, 2020 and 2019, net assets without donor restrictions had a deficit of \$35,882 and \$51,365, respectively. Under the modified cash basis of accounting (Note 1), revenues are recognized when received and expenditures are recognized when paid. As of June 30, 2020, the Partnership of Ashe had not received reimbursement for expenditures related to the Family Foundations, a Parents As Teachers home visitation program in the amount of \$26,235 and A Safe Home for Everyone program: Domestic Violence and Sexual Assault Services grant from Governor's Crime Commission in the amount of \$58,700, SASP grant from North Carolina Coalition Against Sexual Assault in the amount of \$6,643, and Family Violence Prevention grant from North Carolina Council for Women in the amount of \$4,807, which were received and recognized in a subsequent period. As of June 30, 2019, Partnership of Ashe had not received

reimbursement for expenditures related to the Children's Trust Grant from the North Carolina Department of Health and Human Services for \$10,361, Domestic Violence and Sexual Assault Services Grant from Governor's Crime Commission \$35,869, Mental Health Services Grant from Governor's Crime Commission \$15,350, SASP Grant from North Carolina Coalition Against Sexual Assault \$12,498, FEMA Grant from EFSP/United Way \$525, and Family Violence Prevention Grant from North Carolina Council for Women \$3,327. The deficit in net assets without donor restrictions is directly related to timing of reimbursed receipts and recognition of revenue under the basis of accounting. As of June 30, 2020, the foregoing deficit amounts for net assets without donor restriction did not result in a deficit amount for total net assets on the Statement of Receipts, Expenditures, and Net Assets.

**NOTE 13 - INCOME TAXES**

Partnership of Ashe is exempt from payment of income taxes under the provision of Section 501(c)(3) of the Internal Revenue Code, except to the extent of taxes on any unrelated business income.

FASB ASC 740 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FASB ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing financial statements to determine whether the tax positions are "more-likely-than-not" to be sustained by the applicable tax authority. The Partnership of Ashe does not believe there are any unrecognized tax benefits or costs as of June 30, 2020.

Income tax returns for 2017 through 2019 remain open to examination by the tax authorities.

**NOTE 14 - BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION**

The Partnership of Ashe is the beneficiary of an endowment established in conjunction with Ashe County 4-H through the North Carolina Community Foundation. This agreement was established on March 22, 1999. Its purpose is devoted to the support of Partnership of Ashe and Ashe County 4-H programs. Partnership of Ashe presents the endowment as a beneficial interest in the foundation. The agreement between Partnership of Ashe, Ashe County 4-H and the Community Foundation provides that all the contributions to the endowment are irrevocable. The Community Foundation will make distributions of the income earned on the endowment, subject to the Community Foundation's spending policy. The agreement also permits the Community Foundation to substitute another beneficiary in the place of Partnership of Ashe and Ashe County 4-H if both organizations ceases to exist or if both organizations cease to be an organization described in Internal Revenue Code Sections 170c and 501c(3). Therefore, Partnership of Ashe and Ashe County 4-H have explicitly granted variance power to the Community Foundation. Partnership of Ashe's endowment position is identified on the Statement of Receipts, Expenditures, and Net Assets - Modified Cash Basis as the beneficial interest in the Community Foundation. The fair value of the endowment administered by the Community Foundation on behalf of Partnership of Ashe and Ashe County 4-H at June 30, 2020 was \$93,383; however, under the modified cash basis of accounting, the original cost

basis of contributions are reported on the Statement of Receipts, Expenditures, and Net Assets - Modified Cash Basis. The beneficial interest amount is reflected as permanently restricted funds in the amount of \$10,000.

**NOTE 15 - ENDOWMENT**

**Interpretation of Endowment Under Uniform Prudent Management of Institutional Funds Act (UPMIFA)**

Through June 30, 2020, the Partnership of Ashe's management and investment of donor-restricted endowment funds was subject to the provisions of the Uniform Management of Institutional Funds Act (UMIFA). In 2006, the Uniform Law Commission approved the model act, Uniform Prudent Management of Institutional Funds Act (UPMIFA) that serves as a guideline to states to use in enacting legislation. Among UPMIFA's most significant changes is the elimination of UMIFA's important concept of historic dollar threshold, the amount below which an organization could not spend from the fund, in favor of a more robust set of guidelines about what constitutes prudent spending. The Partnership of Ashe's endowment consists of a beneficial interest in a community foundation. Endowments include donor-restricted endowment funds.

**Basis of Endowment Accounting**

Under the modified cash basis of accounting, the Partnership of Ashe's records contributions and endowment investment earnings on a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Contributions from funds held, raised or collected by Partnership of Ashe and processed through its bank accounts are recorded as permanently restricted net assets.

Contributions from funds held, raised or collected by Partnership of Ashe but not processed through its bank accounts are not recorded. Permanently restricted contributions sent directly by a third party to the community foundation are not recorded in the general ledger of the Partnership of Ashe. There were no such third party contributions directly to the foundation during the year ended June 30, 2020. Similarly, investment earnings and expenses of endowments held by the community foundation are not recorded in the general ledger of the Partnership of Ashe, unless such earnings and expenses pass through its bank accounts.

Endowment net asset composition by fund type as of June 30, 2020 follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Funds	\$ -	\$ 10,000	\$ 10,000



**NOTE 16 - SUBSEQUENT EVENTS**

Partnership of Ashe has evaluated events and transactions that occurred between June 30, 2020 and January 5, 2021, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. Events or transactions that provided evidence about conditions that did not exist at June 30, 2020 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2020.

On July 1, 2020, Partnership of Ashe's beneficial interest in the endowment through the North Carolina Community Foundation was assigned to Ashe County Children's Endowment. Henceforth, distributions of the income earned on the endowment will be received by the Ashe County Children's Endowment.

This information is an integral part of the financial statements



SUPPLEMENTARY INFORMATION

**Partnership of Ashe**  
**Schedule of Contract and Grant Expenditures - Modified Cash Basis**  
**For the Year Ended June 30, 2020**

Schedule 1

Organization Name	Smart Start Fund		Other Funds	
	Amount Advanced	Refund Due	Amount Advanced	Refund Due
<b>Organizations:</b>				
Ashe Services for Aging	-	\$ -	\$ 165	-
Imagination Ashe	-	-	7,900	-
	-	-	8,065	-
<b>Individuals:</b>				
Childcare Providers	7,275	-	1,201	-
Family Foundations Clients	1,295	-	6,857	-
A Safe Home for Everyone Client Services	-	-	82,941	-
	8,570	-	90,999	-
	<u>\$ 8,570</u>	<u>\$ -</u>	<u>\$ 99,064</u>	<u>\$ -</u>

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

**Partnership of Ashe**  
**Schedule of State Level Service Provider Contracts**  
**For the Year Ended June 30, 2020**

**Schedule 2**

<u>Organization Name</u>	<u>DHHS Contracts</u>
Ashe County Department of Social Services *	\$ <u>142,550</u>

\* These organizations are represented on the Partnership of Ashe's Board as described in Note 4A - 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 and Contracts.

Partnership of Ashe  
 Schedule of Federal and State Awards - Modified Cash Basis  
 For the Year Ended June 30, 2020

Schedule 3

Federal/State Grantor/Pass-through Grantor/Program	Federal CFDA Number	Contract #	Receipts	Expenditures
<b>Federal Awards:</b>				
United States Department of Health and Human Services				
Pass-through from the North Carolina Department of Administration Council for Women				
Family Violence Prevention (Prior Year)	93.671	FVPSA	\$ 4,229	\$ 903
Family Violence Prevention (Current Year)	93.671	56-1892216	15,081	19,888
United States Department of Health and Human Services				
Emergency Food & Shelter Program				
Pass-through from United Way				
FEMA Grant (Prior Year)	97.114	632800-013	525	-
FEMA Grant (Current Year)	97.114	632800-013	1,076	1,076
United States Department of Health and Human Services				
North Carolina Department of Health and Human Services - Division of Public Health				
Pass-through from the Appalachian District Health Department				
Triple P Grant (Current Year)	93.994	N/A	45,000	36,163
United States Department of Justice				
Office of Juvenile Justice and Delinquency Prevention				
Pass-through from the North Carolina Department of Crime Control and Public Safety -				
Division of Governor's Crime Commission				
ASHE - A Safe Home for Everyone (Prior Year)	16.575	PROJ012459	40,590	25,240
ASHE - A Safe Home for Everyone (Prior Year)	16.575	PROJ012964	126,716	149,547
United States Department of Justice				
Office on Violence Against Women				
Pass-through from the North Carolina Coalition Against Domestic Violence				
ASHE - A Safe Home for Everyone - SASP (Prior Year)	16.575	PROJ0013161	16,944	4,446
ASHE - A Safe Home for Everyone - SASP (Current Year)	16.575	N/A	5,463	12,106
<b>Total Federal Awards</b>			<b>255,624</b>	<b>249,369</b>

Partnership of Ashe  
 Schedule of Federal and State Awards - Modified Cash Basis  
 For the Year Ended June 30, 2020

Schedule 3 (continued)

Federal/State Grantor/Pass-through Grantor/Program	Federal CFDA Number	Contract #	Receipts	Expenditures
<b>State Awards:</b>				
North Carolina Department of Health and Human Services				
Division of Child Development and Early Education				
Pass-through from The North Carolina Partnership for Children, Inc.				
Early Childhood Initiatives (Prior Year)	*	N/A	(11)	(11)
Early Childhood Initiatives (Current Year)	*	N/A	255,176	255,176
Dolly Parton Imagination Library Expansion (Current Year)		N/A	10,000	10,015
North Carolina Department of Health and Human Services				
Division of Social Services, Community Based Programs				
Children's Trust Program Service Grant (Prior Year)		00037047	10,361	-
Children's Trust Program Service Grant (Current Year)		00038874	60,457	86,992
North Carolina Department of Administration				
Council for Women and Domestic Violence Commission				
Domestic Violence Grant (Prior Year)		N/A	-	12,792
Domestic Violence Grant (Current Year)		N/A	46,405	34,900
Sexual Assault Grant (Current Year)		N/A	24,237	24,237
Marriage License Grant (Prior Year)		N/A	532	3,923
Marriage License Grant (Current Year)		N/A	16,886	16,720
Divorce Filing Fees Grant (Prior Year)		N/A	208	1,788
Divorce Filing Fees Grant (Current Year)		N/A	18,264	15,829
<b>Total State Awards</b>			<b>442,515</b>	<b>462,361</b>
<b>Total Federal and State Awards</b>			<b>\$ 698,139</b>	<b>\$ 711,730</b>

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

**Partnership of Ashe**  
**Schedule of Property and Equipment - Modified Cash Basis**  
**For the Year Ended June 30, 2020**

**Schedule 4**

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Furniture and Noncomputer Equipment	\$ 26,759
Computer Equipment/Printers	40,659
Buildings	321,873
Motor Vehicles	<u>28,819</u>
<b>Total Property and Equipment</b>	<b><u>\$ 418,110</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 of Ashe at year end. The valuations represent historical cost. On the modified cash basis of accounting, these items are expensed in the year of purchase.

**Partnership of Ashe  
Schedule of Qualifying Match (Non-GAAP)  
For the Year Ended June 30, 2020**

**Schedule 5**

**Match Provided at the Partnership Level:**

Cash	\$ 26,743
In-Kind Goods and Services	<u>7,289</u>
	<u>\$ 34,032</u>

**Match Provided at the Contractor Level:**

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

Note: This schedule is presented in accordance with the program match requirement as provided for by North Carolina Session Law 2018-5, Section 11B.8.(d). 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.

The amounts shown above as allowable for the Partnership of Ashe in meeting its match requirement do not include allowable amounts included in the North Carolina Families Accessing Services through Technology (NCFAST) system as this information was not available in a timely manner for the fiscal year ended June 30, 2020. For the fiscal year ended June 30, 2020, Smart Start met the legislative statewide match requirement and will be waiving penalties for local partnerships that do not meet their match requirement for the fiscal year ended June 30, 2020.



Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards*

To Board Members of  
Partnership of Ashe  
Jefferson, North Carolina

We have audited, in accordance with the 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, the financial statements of Partnership of Ashe (a nonprofit organization), which comprise the Statement of Receipts, Expenditures, and Net Assets - Modified Cash Basis as of and for the year ended June 30, 2020, and the related Statement of Functional Expenditures - Modified Cash Basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 5, 2021.

As described in Note 1, the 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 Partnership of Ashe's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Partnership of Ashe's internal control. Accordingly, we do not express an opinion on the effectiveness of Partnership of Ashe's internal control.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Partnership of Ashe's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

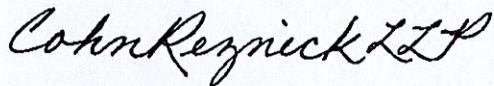
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given those limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Partnership of Ashe'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 financial statements. 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Partnership of Ashe's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering Partnership of Ashe's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charlotte, North Carolina  
January 5, 2021