

Partnership of Ashe

**Unaudited Statement of Receipts, Expenditures, and Net Assets - Modified Cash Basis
For the Year Ended June 30, 2019**

Exhibit A

	Without Donor Restrictions	With Donor Restrictions	Total Funds
Receipts:			
State Awards and Contracts	\$ 481,979	\$ 17,063	\$ 499,042
Federal Awards	219,360	0	219,360
Local Awards	37,000	0	37,000
Private Contributions	11,944	17,444	29,388
Special Fund Raising Events	14,790	0	14,790
Interest and Investment Earnings	501	0	501
Sales Tax Refunds	6,588	0	6,588
Other Receipts	3,373	0	3,373
Total Receipts	775,535	34,507	810,042
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	30,689	(30,689)	0
Expiration of Time Restrictions			0
	806,224	3,818	810,042
Expenditures:			
Programs:			
Child Care and Education Affordability	0	0	0
Child Care and Education Quality	126,919	0	126,919
Family Support & Literacy	189,432	0	189,432
Domestic Violence & Sexual Assault Prevention/Intervention	346,315	0	346,315
Support:			
Fund Raising	0	0	0
Management and General	100,749	0	100,749
Program Planning, Coordination and Evaluation	53,746	0	53,746
Other:			
Refund of Prior Year Grant	498	0	498
Building/Property	15,748	0	15,748
Sales Tax Paid	7,020	0	7,020
Total Expenditures	840,427	0	840,427
Excess/Deficiency of Receipts Over Expenditures	(34,203)	3,818	(30,385)
Net Assets at Beginning of Year	(16,333)	40,489	24,156
Net Assets at End of Year	\$ (50,536)	\$ 44,307	\$ (6,229)
Net Assets Consisted of:			
Cash and Cash Equivalents	\$ (50,440)	\$ 34,307	\$ (16,133)
Beneficial Interest in Community Foundation	0	10,000	10,000
Refunds Due From Contractors	0	0	0
	(50,440)	44,307	(6,133)
Less: Due to State	0	0	0
Funds Held for Others	96	0	96
TOTAL NET ASSETS	\$ (50,536)	\$ 44,307	\$ (6,229)

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

Partnership of Ashe
Unaudited Statement of Functional Expenditures - Modified Cash Basis
For the Year Ended June 30, 2019

Exhibit B

	Total	Personnel	Contracted Services	Supplies and Materials	Other Operating Expenditures	Fixed Charges and Other Expenditures	Property and Equipment Outlay	Services/ Contracts/ Grants
Smart Start Funds:								
Programs:								
Child Care and Education Affordability	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Child Care and Education Quality	104,500	74,636	0	3,770	16,495	4,616	2,003	2,980
Family Support & Literacy	46,935	32,699	0	2,445	7,826	3,773	0	192
Domestic Violence & Sexual Assault Prevention/Intervention	0	0	0	0	0	0	0	0
	<u>151,435</u>	<u>107,335</u>	<u>0</u>	<u>6,215</u>	<u>24,321</u>	<u>8,389</u>	<u>2,003</u>	<u>3,172</u>
Support:								
Fund Raising	0	0	0	0	0	0	0	0
Management and General	88,252	62,422	2,741	3,024	7,564	10,412	2,089	0
Program Planning, Coordination and Evaluation	53,647	39,057	0	5,561	5,414	1,556	2,059	0
	<u>141,899</u>	<u>101,479</u>	<u>2,741</u>	<u>8,585</u>	<u>12,978</u>	<u>11,968</u>	<u>4,148</u>	<u>0</u>
Total Smart Start Fund Expenditures	\$ 293,334	\$ 208,814	\$ 2,741	\$ 14,800	\$ 37,299	\$ 20,357	\$ 6,151	\$ 3,172
Other Funds:								
Programs:								
Child Care and Education Affordability	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Child Care and Education Quality	22,419	16,672	125	4,012	1,489	121	0	0
Family Support & Literacy	142,497	85,641	2,715	23,680	14,611	3,179	0	12,671
Domestic Violence & Sexual Assault Prevention/Intervention	346,315	195,765	1,208	6,968	23,892	10,735	7,610	100,137
	<u>511,231</u>	<u>298,078</u>	<u>4,048</u>	<u>34,660</u>	<u>39,992</u>	<u>14,035</u>	<u>7,610</u>	<u>112,808</u>
Support:								
Fund Raising	0	0	0	0	0	0	0	0
Management and General	12,497	(81)	0	3,507	4,871	3,850	350	0
Program Planning, Coordination and Evaluation	99	0	0	99	0	0	0	0
	<u>12,596</u>	<u>(81)</u>	<u>0</u>	<u>3,606</u>	<u>4,871</u>	<u>3,850</u>	<u>350</u>	<u>0</u>
Other:								
Refund of Prior Year Grant	498	0	0	498		0	0	0
Building / Property	15,748	0	0	0	3,774	0	11,974	0
Sales Tax Paid	7,020	0	0	7,020		0	0	0
	<u>23,266</u>	<u>0</u>	<u>0</u>	<u>7,518</u>	<u>3,774</u>	<u>0</u>	<u>11,974</u>	<u>0</u>
Total Other Funds Expenditures	\$ 547,093	\$ 297,997	\$ 4,048	\$ 45,784	\$ 48,637	\$ 17,885	\$ 19,934	\$ 112,808

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

PARTNERSHIP OF ASHE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

- A. Organization and Purpose** - The Partnership of Ashe is a legally separate nonprofit organization incorporated on January 25, 1995. 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 Standard 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 the North Carolina Community Foundation, Inc. as reported in Note 12. 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 13.

- F. Refunds Due From Contractors** - Refunds Due from Contractors represent the unexpended amount of advances to contractors at year-end that are to be refunded back to the State. As recoveries are collected, the advances are recorded as a reduction to the State awards balance.

- G. 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.

- H. 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, 2019, the Partnership of Ashe was holding amounts withheld from employee paychecks.

- I. 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 purchase price, which may be different from their valuation as of June 30, 2019. 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.

- J. 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 liability in Note 9.
- K. 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.
- L. 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.
- M. Change in Accounting Principle** - During 2018, the Partnership adopted the provisions of Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* ("ASUE 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 the Partnership of Ashe are deposited with a commercial bank and insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

Deposits over insured amounts subjects the Partnership of Ashe to a concentration of credit risk. At June 30, 2019, 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 expended all awarded funds and therefore has returned none of this contract to the State based on financial status reports submitted to NCPC subsequent to June 30, 2019.

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

Family Violence Prevention - Partnership of Ashe received additional revenue and support from the North Carolina Department of Administration/Family Violence Prevention. Partnership of Ashe was awarded funding through the Family Violence Prevention grant. The funding from this grant operates on a federal fiscal year beginning October 1st and ending September 30th. The 2017-2018 contract is reimbursement based and Partnership of Ashe has received \$4,668 in reimbursements and expended \$3,429 for the grant ending September 30, 2018. The 2018-2019 contract was awarded in the amount of \$21,566. This contract is reimbursement based and Partnership of Ashe has received \$17,335. Total expenditures as of June 30, 2019 were \$20,662. Partnership of Ashe expects to receive and expend all funds related to this contract. Partnership of Ashe expects to receive continued funding through the North Carolina Department of Administration/Family Violence Prevention.

FEMA - Partnership of Ashe received additional revenue from the Emergency Food and Shelter National Board Program and United Way. This grant was awarded for grant period ending May 31, 2019 in the amount of \$1,049. Partnership of Ashe received \$524.50 from this grant and expended \$550.27 before May 31, 2019, \$498 was reverted back to the funding agency for prior grant period expenditures that were classified as unallowable because of the change in our shelter model. Partnership of Ashe expects to receive continued funding through the Emergency Food and Shelter National Board Program and United Way.

Triple P - Partnership of Ashe received additional revenue and support from Appalachian District Health Department through a Maternal and Child Health Block Grant that passes through the North Carolina Department of Health and Human Services / Division of Public Health for the Triple P program. The Partnership of Ashe was awarded and received \$40,000 during the year ended June 30, 2019. Total expenditures during fiscal year ending June 30, 2018 were \$38,444 for the Triple P Grant.

Governor's Crime Commission - Partnership of Ashe received additional revenue and support from the North Carolina Department of Crime Control and Public Safety through a Governor's Crime Commission.

A grant contract for DV/SA Services with the total expected funding to be \$323,355 through September 30, 2020. As of June 30, 2019, Partnership of Ashe received \$50,811 and has expended \$86,681.

As of June 30, 2019, Partnership of Ashe received \$39,296 for grant period ending September 30, 2018 and has expended \$13,837. An additional grant was received from the North Carolina Department of Crime Control and Public Safety through an Underserved Grant from Governor's Crime Commission in the amount of \$125,000. This Underserved Grant is a two year grant that began October 1, 2017 and will end September 30, 2019 Total funds received during fiscal year ending June 30, 2019 was \$45,543 and the amount expended was \$44,660.

A SASP grant was also received from the North Carolina Department of Crime Control and Public Safety through the Governor's Crime Commission. This SASP Grant is a one year grant that began October 1, 2017 and will end September 30, 2018. Total funds received during fiscal year ending June 30, 2019 was \$14,850 and the amount expended was \$10,636.94.

Partnership of Ashe expects to receive continued funding from the North Carolina Department of Crime Control and Public Safety.

Dolly Parton Imagination Library Expansion – Partnership of Ashe received revenue and support from the Dolly Parton's Imagination Library Expansion Program. Partnership of Ashe was awarded and received \$10,350. As of June 30, 2019, \$10,221 of these funds were expended under a contract with the North Carolina Partnership for Children, Inc. Partnership of Ashe expects to receive continued funding through new Dolly Parton Imagination Library Expansion Programs.

DHHS Children's Trust Grant - Partnership of Ashe received additional revenue and support from the North Carolina Department of Health and Human Services Children's Trust Program. Partnership of Ashe was awarded this grant in the amount of \$86,992 and received \$76,631 and expended \$86,992 during fiscal year ending June 30, 2019.

Partnership of Ashe also received final allocation payments for prior year grants from the North Carolina Department of Health and Human Services in the amount of \$9,283 during year ended June 30, 2019. Partnership of Ashe expects to receive continued funding through new DHHS Children's Trust Grants.

Council for Women - Partnership of Ashe received additional revenue and support from the North Carolina Department of Administration Council for Women (Council for Women). Partnership of Ashe was awarded \$109,560 and has received \$107,773 of the funds from the Domestic Violence, Marriage License Fees, Divorce Filing Fees, and Sexual Assault during the year ended June 30, 2019. All funds for the Council for Women grants were expended with the exception of \$18,721. The contract with the North Carolina Department of Administration allows these funds to be carried forward and spent by September 30, 2019. Partnership of Ashe will fully expend these funds by the deadline.

Partnership of Ashe also received final allocation payments for prior year grants from the North Carolina Department of Administration in the amount of \$1,673 during year ended June 30, 2019. Funds in the amount of \$15,106 that were carried forward from last fiscal year to be spent by September 30, 2018 were fully expended by the deadline.

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

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 - Ashe County Children's Trust Endowment Committee consists of fifteen voting members, two of which are Partnership of Ashe board members. The purpose of the Committee 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 bank account for this endowment is maintained by the Ashe County Cooperative Extension office (4-H).

NOTE 5 - FUNCTIONAL EXPENDITURES

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Receipts, Expenditures, and Net Assets – Modified Cash Basis. Also, the Statement of Functional Expenditures – Modified Cash Basis, provides detail of the functional costs by their natural classification. Following are the services associated with the functional categories presented in the accompanying financial statements and the methods utilized to allocate joint cost:

A. Program Functions

Child Care and Education Quality - Used to account for service activities including quality enhancement and 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 including 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.

Domestic Violence and Sexual Assault Prevention and Intervention - 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 - LEASE OBLIGATIONS (If only Operating Leases, Change title to state that)

A. Operating Lease Obligations - Future minimum lease payments under non-cancelable operating leases consist of the following at June 30, 2019:

<u>Fiscal Year</u>	<u>Operating Leases</u>
2020	\$ 12,000
2021	7,000
2025 and beyond (5 yr increments)	<hr/>
Total Minimum Lease Payments	<u>\$ 19,000</u>

Rental expense for all operating leases during the year was \$15,772.

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 5% of gross wages for the year ended June 30, 2019. 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 \$11,988 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. The 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 the 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, 2019, is \$27,286. No funds or reservation of net assets has been made for this commitment.

NOTE 10 - RESTRICTIONS ON NET ASSETS

A. Net Assets With Donor Restrictions - restricted net assets at June 30, 2019 are available for the following purposes:

Purpose	Amount
[Describe Purpose]	
Council for Women – DV Grant (ASHE Program)	\$ 12,792
Council for Women – ML Grant (ASHE Program)	3,391
Council for Women – DFF Funds (ASHE Program)	751
Dolly Parton Imagination Library (DPIL Program)	129
Ashe County Community Foundation (Books for Planting the Seeds to Read Project)	500
Think Babies Mini Grant (Think Babies Project)	500
ASHE Private (ASHE Program)	16,244
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	\$ 34,307
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B. Net Assets Released From Donor Restrictions - Net assets were released from donor restrictions during the fiscal year ended June 30, 2019, by incurring expenditures satisfying the restricted purposes as follows:

Purpose	Amount
[Describe Purpose]	
Council for Women – DV Grant (ASHE Program)	\$ 6,826
Council for Women – ML Grant (ASHE Program)	5,360
Council for Women - DFF Grant (ASHE Program)	8,058
Dept. of Public Instruction (ECE Program)	1,299
Academy Capacity Grant (Admin)	2,275
WJ 1 st Baptist Church Grant (ASHE Program)	987
Ashe County Community Foundation (Planting the Seeds to Read Project)	320
Children’s Endowment (ECE Program)	2,049
ASHE Private (ASHE Program)	3,315
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	\$ 30,489
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C: Net Assets With Donor Restrictions – Endowments restricted in perpetuity at June 30, 2019 were restricted for the following purposes:

Purpose	Amount
[List Endowment Name]	
Ashe County Children’s Trust Endowment	\$ 10,000
	<hr/>
	\$ 10,000
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Note 11 - BOARD DESIGNATED FUNDS

Occasionally, #4 Partnership's Board designates a portion of financial assets for various programs. In the event of an unanticipated liquidity need, the Partnership of Ashe's Board could use these designated financial assets to meet unanticipated liquidity needs. At June 30, 2019, the Partnership of Ashe did not have any Board Designated Funds.

NOTE 12 - FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS

The following reflects Partnership of Ashe's financial assets as of June 30, 2019 reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of June 30, 2019:

Financial assets at year-end	(\$ 6,229)
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with time and/or purpose restrictions (See Note 10A)	(34,307)
Permanently restricted by donor (See Note 10 C)	(10,000)

Financial assets available to meet cash needs for general expenditures within one year.	(50,536) =====

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 of June 30, 2019, reimbursements from contracts/grants in the amount of \$84,930 were due to the Partnership.

As part of Partnership of Ashe's liquidity management, it currently has no policy in place. The Partnership Board does have a \$50,000 line of credit in place each year to support the current checking account and help meet financial obligations. The Partnership will develop a liquidity management plan.

NOTE 13 - INCOME TAXES

The 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, 2019.

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, 2018 was \$89,739; 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, 2019, 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 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, 2019. 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, 2019 follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-Restricted Funds		<u>10,000</u>	<u>10,000</u>

NOTE 16 - SUBSEQUENT EVENTS

The Partnership of Ashe has evaluated events and transactions that occurred between June 30, 2019 and _____ (auditor will provide this date), 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, 2019 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, 2019.

This information is an integral part of the financial statements.