

**FINANCIAL STATEMENTS
ADOLESCENT PREGNANCY PREVENTION
CAMPAIGN OF NORTH CAROLINA
DURHAM, NORTH CAROLINA
JUNE 30, 2014**

BOARD OF DIRECTORS

Mary Jane Akerman
APPCNC Chair

Anna Fesmire CTC, DS
APPCNC Vice Chair

Jan Rowe Capps
APPCNC Secretary

Monecia Rena Thomas
APPCNC Treasurer

True Campbell

Ellen Essick, Ph.D.

DeVetta Holman-Nash

David Gardner, D.A.

Valerie Spiva-Collins, Ph.D.

Jennifer Garrett

Lee Storrow

Linda Richardson Wilson

Dr. Britton Taylor

Carolyn Halpern

DeVetta Holman-Nash

Buck Wilson

Gabriela Magallanes

Heather Champion, Ph.D.

Whitney Sewell

Hazel Brown

Maria Soto

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	4
Statement of Financial Position	6
Statement of Activities	7
Statement of Cash Flows	8
Statement of Functional Expenses	9
Notes to Financial Statements	10
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	14
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	16
Schedule of Findings and Questioned Costs	18
Corrective Action Plan	20
Summary of Prior Year's Findings	21
Schedule of Expenditures of Federal and State Awards	22

**PETWAY
MILLS &
PEARSON, PA**

CERTIFIED PUBLIC ACCOUNTANTS

C. Briggs Petway, Jr.
Roger G. Mills
Phyllis M. Pearson

Zebulon Office
P.O. Box 1036
806 N. Arendell Ave.
Zebulon, NC 27597
919.269.7405
919.269.8728 Fax

Raleigh Office
5116 Bur Oak Cr.
Raleigh, NC 27612
919.781.1047
919.781.1052 Fax

www.pmpcpa.com

Memberships:

North Carolina
Association of
Certified Public
Accountants

American Institute
of Certified Public
Accountants

Medical Group
Management
Association

INDEPENDENT AUDITORS' REPORT

Board of Directors
Adolescent Pregnancy Prevention Campaign of North Carolina
Durham, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statement of Adolescent Pregnancy Prevention Campaign of North Carolina (a nonprofit organization), which comprises the statement of financial position as of June 30, 2014, and the related statements of activities, cash flows and functional expenses 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 accounting principles generally accepted in the United States of America; this includes 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 financial position of Adolescent Pregnancy Prevention Campaign of North Carolina as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

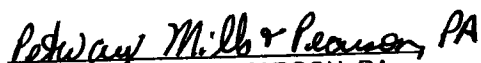
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal and State awards, as required by OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, is presented for purposes of additional analysis and is 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 to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the 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.

Report on Summarized Comparative Information

The financial statements of Adolescent Pregnancy Prevention Campaign of North Carolina as of and for the year ended June 30, 2013 were audited by us and our report dated December 31, 2013 expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2014, on our consideration of Adolescent Pregnancy Prevention Campaign of North Carolina'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 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 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 Adolescent Pregnancy Prevention Campaign of North Carolina's internal control over financial reporting and compliance.


PETWAY MILLS & PEARSON, PA
Certified Public Accountants
Zebulon, North Carolina

December 31, 2014

**ADOLESCENT PREGNANCY PREVENTION CAMPAIGN OF NORTH CAROLINA
STATEMENT OF FINANCIAL POSITION**

June 30,	2014			2013
	Unrestricted	Temporarily Restricted	Total	Total
Current assets:				
Cash and cash equivalents	\$ 123,999	\$ -	\$ 123,999	\$ 125,944
Accounts receivable	1,712	-	1,712	9,476
Prepaid expenses	22,587	-	22,587	21,049
Total current assets	<u>148,298</u>	<u>-</u>	<u>148,298</u>	<u>156,469</u>
Property and equipment:				
Furniture and equipment	28,351	-	28,351	28,351
Computer equipment	45,032	-	45,032	45,032
	<u>73,383</u>	<u>-</u>	<u>73,383</u>	<u>73,383</u>
Less accumulated depreciation	(62,336)	-	(62,336)	(55,795)
Net property and equipment	<u>11,047</u>	<u>-</u>	<u>11,047</u>	<u>17,588</u>
Other assets:				
Lease costs	-	-	-	-
Total assets	<u>\$ 159,345</u>	<u>\$ -</u>	<u>\$ 159,345</u>	<u>\$ 174,057</u>
Current liabilities:				
Accounts payable	\$ 7,557	\$ -	\$ 7,557	\$ 28,879
Other current liabilities	41,113	-	41,113	42,596
Total current liabilities	<u>48,670</u>	<u>-</u>	<u>48,670</u>	<u>71,475</u>
Net assets:	<u>110,675</u>	<u>-</u>	<u>110,675</u>	<u>102,582</u>
Total liabilities and net assets	<u>\$ 159,345</u>	<u>\$ -</u>	<u>\$ 159,345</u>	<u>\$ 174,057</u>

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

**ADOLESCENT PREGNANCY PREVENTION CAMPAIGN OF NORTH CAROLINA
STATEMENT OF ACTIVITIES**

Years Ended June 30,	2014			2013
	Unrestricted	Temporarily Restricted	Total	Total
Support, revenues and other:				
Support:				
United Way allocations and designations	\$ 5,508	\$ -	\$ 5,508	\$ 6,858
General contributions	17,344	-	17,344	13,665
Government Grants:				
CDC Grant	-	1,071,983	1,071,983	916,262
State operating grant	-	250,000	250,000	250,000
Other government grants	-	-	-	497,212
Foundation Grants:				
Duke Endowment	250,000	-	250,000	-
Oak Hill Fund	62,500	-	62,500	187,500
Provident Benevolent Foundation	6,630	-	6,630	-
WISE Foundation	70,000	-	70,000	-
Lovett Foundation	-	-	-	1,100
Cemala Foundation	-	-	-	5,000
Corporate Grants:				
Communities for Health Charities in NC	-	-	-	18,500
Total Support	411,982	1,321,983	1,733,965	1,896,097
Revenues and Other				
Program service fees	48,088	-	48,088	65,866
Investment income	100	-	100	800
Button, poster and video sales	500	-	500	737
Other	162,472	-	162,472	64,085
Total revenues and other	211,160	-	211,160	131,488
Net assets released from restrictions:				
Satisfaction of program restrictions	1,321,983	(1,321,983)	-	-
Satisfaction of time restrictions	-	-	-	-
Total net assets released from restrictions:	1,321,983	(1,321,983)	-	-
Total support, revenues and other	1,945,125	-	1,945,125	2,027,585
Expenses:				
Program - prevention	1,525,973	-	1,525,973	2,103,693
Supporting services:				
Indirect Costs	240,340	-	240,340	58,374
General	104,645	-	104,645	-
Fundraising	66,074	-	66,074	6,495
Total expenses	1,937,032	-	1,832,387	2,168,562
Change in net assets	8,093	-	112,738	(140,977)
Net assets:				
Beginning of year	102,582	-	102,582	243,559
End of year	\$ 110,675	\$ -	\$ 215,320	\$ 102,582

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

**ADOLESCENT PREGNANCY PREVENTION CAMPAIGN OF NORTH CAROLINA
STATEMENT OF CASH FLOWS**

Years Ended June 30,	2014			2013
	Unrestricted	Temporarily Restricted	Total	Total
Cash flow from operating activities:				
Change in net assets	\$ 8,092	\$ -	\$ 8,092	\$ (140,977)
Adjustments to reconcile net assets to cash provided (used) by operating activities:				
Depreciation and amortization	6,540	-	6,540	6,209
(Increase) decrease in accounts receivable	7,764	-	7,764	(6,599)
(Increase) decrease in prepaid expenses	(1,538)	-	(1,538)	(484)
Increase (decrease) in accounts payable	(21,322)	-	(21,322)	21,251
Increase (decrease) in other liabilities	(1,482)	-	(1,482)	(736)
Total adjustments	(10,038)	-	(10,038)	19,641
Net cash provided (used) by operating activities	(1,946)	-	(1,946)	(121,336)
 Cash flow from investing activities:				
Purchase of office furniture and equipment	-	-	-	(3,477)
Purchase of computer equipment	-	-	-	-
Net cash provided (used) by investing activities	-	-	-	(3,477)
 Net increase (decrease) in cash from all activities	(1,946)	-	(1,946)	(124,813)
 Cash and cash equivalents:				
Beginning of year	125,944	-	125,944	250,757
End of year	\$ 123,998	\$ -	\$ 123,998	\$ 125,944

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

**ADOLESCENT PREGNANCY PREVENTION CAMPAIGN OF NORTH CAROLINA
STATEMENT OF FUNCTIONAL EXPENSES**

Years Ended June 30,	2014				2013	
	Prevention	Indirect Costs	General	Fundraising	Total	Total
Salaries and related expenses:						
Salaries and wages	\$ 525,503	\$ 159,026	45,803	\$ 26,880	\$ 757,212	\$ 713,677
Payroll taxes	45,711	13,111	978	2,230	62,030	56,881
Retirement plan contributions	10,570	5,013	203	2,347	18,133	16,427
Other employee benefits	42,901	35,607	39,180	14,704	132,392	114,335
	<u>624,685</u>	<u>212,757</u>	<u>86,164</u>	<u>46,161</u>	<u>969,767</u>	<u>901,320</u>
Other expenses:						
Professional fees	-	-	10,640	-	10,640	9,440
Awards/gifts	1,324	-	-	-	1,324	1,901
Bank service charges	232	-	434	-	666	426
Books and videos	147	-	-	-	147	194
Computer expense	13,899	-	593	-	14,492	17,567
Conferences/meetings	55,060	-	-	1,000	56,060	58,699
Directors and officers	198	344	95	202	839	1,545
Dues and subscriptions	1,790	-	-	-	1,790	3,079
Equipment rental	2,244	481	168	313	3,206	6,485
Evaluations	-	-	-	-	-	14,095
Fundraising	-	-	-	-	-	1,142
Licenses	1,089	-	20	-	1,109	200
Merchant discount	883	-	217	-	1,100	1,091
Miscellaneous	-	-	-	-	-	-
Office expense	-	-	-	-	-	-
Office supplies	7,442	-	494	-	7,936	9,711
Program supplies	86,732	-	-	-	86,732	150,135
Postage and delivery	1,405	-	52	-	1,457	2,855
Mailing services	162	-	-	-	162	-
Media campaign expense	-	-	-	-	-	10,430
Printing and reproduction	13,643	-	39	-	13,682	13,814
Repairs and maintenance	156	55	123	36	370	341
Rent	115,287	23,855	4,347	15,542	159,031	153,483
Staff training and development	635	-	-	-	635	2,363
Sub-grants	514,867	-	-	-	514,867	684,954
Telephone	12,087	2,260	382	1,592	16,321	25,843
Utilities	2,843	588	158	389	3,978	2,005
Travel - meals and lodging	62,622	-	719	839	64,180	89,235
	<u>894,747</u>	<u>27,583</u>	<u>18,481</u>	<u>19,913</u>	<u>960,724</u>	<u>1,261,033</u>
Total before depreciation	<u>1,519,432</u>	<u>240,340</u>	<u>104,645</u>	<u>66,074</u>	<u>1,930,491</u>	<u>2,162,353</u>
Depreciation and amortization	6,541	-	-	-	6,541	6,209
Total functional expenses	<u>\$ 1,525,973</u>	<u>\$ 240,340</u>	<u>104,645</u>	<u>\$ 66,074</u>	<u>\$ 1,937,032</u>	<u>\$ 2,168,562</u>

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

ADOLESCENT PREGNANCY PREVENTION CAMPAIGN OF NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Note 1 - Nature of the Organization

Adolescent Pregnancy Prevention Campaign of North Carolina (the Organization) is a nonprofit organization dedicated to promoting and facilitating the prevention of adolescent pregnancy in North Carolina.

Note 2 - Summary of Significant Accounting Policies

Financial Statement Presentation

The Organization follows the recommendations of the Financial Accounting Standards Board in its FASB Accounting Standards Codification 958, Not-for-Profit Entities. Under FASB ASC 958, the Organization is required to report information on the accrual basis of accounting regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Other significant accounting policies are described below:

- Unrestricted Net Assets are from unrestricted contributions and income and are available for use as designated by the Board of Directors, including current operating expenses.
- Temporarily Restricted Net Assets are from contributions whose use is limited by donor-imposed stipulations, which are satisfied by Board actions or passage of time.
- Permanently Restricted Net Assets are from contributions whose use is limited by donor-imposed stipulations, which do not expire by Board actions or passage of time. Since there were no permanently restricted assets for which to account during the year, none are described as such herein.

Recognition of Support, Revenues and Capital Additions

In accordance with FASB ASC 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Promises Receivable

Unconditional promises receivable are recognized as support in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises receivable are recognized as support when the conditions on which they depend are substantially met.

Furniture and Equipment

Additions are recorded at cost, if purchased, or appraised value at the time of donation, if received as a gift. Minor renewals and replacements are expensed. When furniture and equipment are retired, the costs and related allowances for depreciation are removed from the accounts. Any gain or loss is recognized in the statement of activities. Depreciation is computed by the straight-line method over the estimated economic lives of the respective assets held, which range from three to seven years.

ADOLESCENT PREGNANCY PREVENTION CAMPAIGN OF NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Impairment of Long-Lived Assets

The recoverability of long-lived assets is reviewed whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Such evaluation is based on various analyses, including undiscounted cash flow projections.

Donated Materials and Service

Donated materials (and equipment) are reflected as contributions in the financial statements at their estimated value at date of receipt. Donated services, when significant and measurable as to value, are reflected as contributions in the financial statements when provided. There were no donated materials and services recorded for the year ended June 30, 2014.

Volunteers, including officers and directors of the Organization, donate their time in program services and in fund raising. However, no amount has been reflected in the financial statements for these services, as no objective basis is available to measure the value of such contributed services.

Functional Expenses

Expenses not associated with a specific functional classification are allocated among the various classifications based upon the estimated time spent in each classification (program, management and general, and fund raising) by the staff of the Organization.

Retirement Plan

The Organization has a contributory defined retirement plan covering substantially all employees who have completed one year of service. Employer contributions to the plan were \$18,133 for the year ended June 30, 2014.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include the operating and money market accounts on hand at financial institutions.

Lease Commitment

The Organization entered into a ten year agreement for office space located in Durham, North Carolina during 2007. The lease is accounted for as an operating lease. The minimum rent for the first year of the agreement is \$7,502 per month including a deposit of one month's rent. The minimum rent shall increase by three percent (3%) each year. At the option of the Organization, the lease can be extended for five (5) additional years at the expiration of the original lease term. Rent expense for the year ended June 30, 2014, under this agreement, amounted to \$106,715.

**ADOLESCENT PREGNANCY PREVENTION CAMPAIGN OF NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

The minimum future aggregate lease payments are summarized as follows:

Years Ended	Rent
2015	\$ 109,913
2016	113,207
2017	145,986
Total Future Minimum Lease Payments	\$ 369,106

License to Solicit

The Organization has obtained from the North Carolina Department of Human Resources a license to solicit charitable contributions. The ability to solicit contributions is contingent on the renewal of this license, which was renewed on January 17, 2014.

Net Assets Released from Restriction

Net assets that were released from donor restrictions by incurring expenses satisfying the restricted purposes or of other events specified by donors and grantors totaled \$1,321,983.

Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

Accrued Vacation Pay

The Organization has accrued \$26,059 of unused vacation time as a liability at June 30, 2014.

Subsequent Events

The Organization has evaluated subsequent events from the date of the balance sheet through the date the report is available to be issued, which is the date of the independent auditors' report. The Organization has not evaluated subsequent events after that date. There were no subsequent events during this period that require disclosure.

ADOLESCENT PREGNANCY PREVENTION CAMPAIGN OF NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Income Taxes

The Organization is a nonprofit Organization exempt from federal and State income taxes under Internal Revenue code Section 501(c)(3). The Organization may be taxed on unrelated business income or uncertain tax positions; however, the Organization has not engaged in any activities that would generate unrelated business income or adopted any uncertain tax positions. Therefore, no provision for income taxes has been made in these financial statements.

Effective January 1, 2009, the Organization implemented the new accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of the date of the independent auditors' report, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Income tax returns from 2012 through 2014 are open for examination by taxing authorities.

Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During the year ended June 30, 2014, the Organization carried insurance through various commercial carriers to cover all risks of losses. The Organization has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

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

**PETWAY
MILLS &
PEARSON, PA**

CERTIFIED PUBLIC ACCOUNTANTS

C. Briggs Petway, Jr.
Roger G. Mills
Phyllis M. Pearson

To the Board of Directors
Adolescent Pregnancy Prevention Campaign of North Carolina
Durham, 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 Adolescent Pregnancy Prevention Campaign of North Carolina (the Organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 31, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Adolescent Pregnancy Prevention Campaign of North Carolina's internal control over financial reporting (internal control) to determine the 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 Adolescent Pregnancy Prevention Campaign of North Carolina'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Adolescent Pregnancy Prevention Campaign of North Carolina's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws,

Zebulon Office
P.O. Box 1036
806 N. Arendell Ave.
Zebulon, NC 27597
919.269.7405
919.269.8728 Fax

Raleigh Office
5116 Bur Oak Cr.
Raleigh, NC 27612
919.781.1047
919.781.1052 Fax

www.pmpcpa.com

Memberships:

North Carolina
Association of
Certified Public
Accountants

American Institute
of Certified Public
Accountants

Medical Group
Management
Association

regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Petway Mills & Pearson, PA
PETWAY MILLS & PEARSON, PA
Certified Public Accountants
Zebulon, North Carolina

December 31, 2014

Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

**PETWAY
MILLS &
PEARSON, PA**

CERTIFIED PUBLIC ACCOUNTANTS

C. Briggs Petway, Jr.
Roger G. Mills
Phyllis M. Pearson

Zebulon Office
P.O. Box 1036
806 N. Arendell Ave.
Zebulon, NC 27597
919.269.7405
919.269.8728 Fax

Raleigh Office
5116 Bur Oak Cr.
Raleigh, NC 27612
919.781.1047
919.781.1052 Fax

www.pmpcpa.com

Board of Directors
Adolescent Pregnancy Prevention Campaign of North Carolina
Durham, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Adolescent Pregnancy Prevention Campaign of North Carolina's (a non-profit organization) compliance with the types of compliance requirements described in the *US Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*, that could have a direct and material effect on each of Adolescent Pregnancy Prevention Campaign of North Carolina's major federal programs for the year ended June 30, 2014. Adolescent Pregnancy Prevention Campaign of North Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Adolescent Pregnancy Prevention Campaign of North Carolina's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards, and OMB Circular A-133, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Adolescent Pregnancy Prevention Campaign of North Carolina's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Adolescent Pregnancy Prevention Campaign of North Carolina's compliance.

Opinion on Each Major Federal Program

In our opinion, Adolescent Pregnancy Prevention Campaign of North Carolina complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Adolescent Pregnancy Prevention Campaign of North Carolina is responsible for establishing and maintaining effective internal control over compliance with

Memberships:

North Carolina
Association of
Certified Public
Accountants

American Institute
of Certified Public
Accountants

Medical Group
Management
Association

the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Adolescent Pregnancy Prevention Campaign of North Carolina's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Petway Mills & Pearson, PA

PETWAY MILLS & PEARSON, PA
Certified Public Accountants
Zebulon, North Carolina

December 31, 2014

**ADOLESCENT PREGNANCY PREVENTION CAMPAIGN OF NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

SECTION I. - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified.

Internal control over financial reporting:

Material weakness(es) identified?	_____ yes	_____ <u>X</u> no
Significant deficiency (ies) identified that are not considered to be material weaknesses?	_____ yes	_____ <u>X</u> none reported

Noncompliance material to financial statements noted?	_____ yes	_____ <u>X</u> no
---	-----------	-------------------

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	_____ yes	_____ <u>X</u> no
Significant deficiency (ies) identified that are not considered to be material weaknesses?	_____ yes	_____ <u>X</u> none reported

Type of auditors' report issued on compliance for major federal programs: Unmodified.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	_____ yes	_____ <u>X</u> no
--	-----------	-------------------

Dollar threshold used to distinguish between Type A and Type B programs	<u>\$300,000</u>
---	------------------

Auditee qualified as a low-risk auditee?	_____ yes	_____ <u>X</u> no
--	-----------	-------------------

Identification of major federal programs:

<u>Program Name</u>	<u>CFDA #</u>
Maternal, Infant & Reproductive Health	93.946

**ADOLESCENT PREGNANCY PREVENTION CAMPAIGN OF NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

SECTION II. - FINANCIAL STATEMENT FINDINGS

None.

SECTION III. - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

**ADOLESCENT PREGNANCY PREVENTION CAMPAIGN OF NORTH CAROLINA
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2014**

SECTION II. - FINANCIAL STATEMENT FINDINGS

None.

SECTION III. - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

**ADOLESCENT PREGNANCY PREVENTION CAMPAIGN OF NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014**

The Campaign had no prior year audit findings.

**ADOLESCENT PREGNANCY PREVENTION CAMPAIGN OF NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

Grantor/Pass-through Grantor-Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Expenditures
Federal Awards:			
US Department of Health and Human Services Direct Program Maternal, Infant & Reproductive Health	93.946		<u>\$ 1,071,983</u>
Total Federal awards			<u>1,071,983</u>
State Awards:			
N.C. Department of Health and Human Services Division of Public Health		00302-09	<u>250,000</u>
Total State awards			<u>250,000</u>
Total Federal and State Awards			<u><u>\$ 1,321,983</u></u>

Notes to the Schedule of Expenditures of Federal and State Financial Awards

Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards includes the federal and State grant activity of the Campaign and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.