

# **Yadkin Valley Economic Development District, Inc.**

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**Financial Statements  
and Supplementary Information**

**Years Ended June 30, 2015 and 2014**

## **Table of Contents**

<b>Independent Auditors' Report</b> .....	1
<b>Financial Statements:</b>	
Statements of Financial Position .....	3
Statements of Activities.....	4
Statement of Functional Expenses for the Year Ended June 30, 2015 .....	5
Statement of Functional Expenses for the Year Ended June 30, 2014 .....	6
Statements of Cash Flows .....	7
Notes to Financial Statements.....	8
<b>Compliance Section:</b>	
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 Internal Control over Compliance in Accordance with OMB Circular A-133.....	16
Independent Auditors' Report on Compliance for Each Major State Program and Internal Control over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Implementation Act .....	18
Schedule of Federal and State Awards.....	20
Schedule of Findings and Questioned Costs .....	24

## **Independent Auditors' Report**

Board of Directors  
Yadkin Valley Economic Development District, Inc.  
Boonville, North Carolina

We have audited the accompanying financial statements of Yadkin Valley Economic Development District, Inc. ("YVEDDI") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses and cash flows 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.

### ***Auditors' 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 auditors' 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 YVEDDI as of June 30, 2015, and the changes in their net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Prior Period Financial Statements***

The financial statements of YVEDDI as of June 30, 2014, were audited by other auditors whose report dated February 16, 2015, expressed an unmodified opinion on those statements.

***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 Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit 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 2015 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2015 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2015 financial statements or to the 2015 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 2015 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 27, 2016, on our consideration of YVEDDI'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering YVEDDI's internal control over financial reporting and compliance.

*Dixon Hughes Goodman LLP*

**Winston-Salem, North Carolina  
January 27, 2016**

**Yadkin Valley Economic Development District, Inc.**  
**Statements of Financial Position**  
**June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 365,088	\$ 820,620
Investments	17,554	16,398
Accounts receivable, net of allowance for doubtful accounts of \$10,000 as of June 30, 2015 and 2014	351,558	500,685
Grants receivable	368,152	1,160,441
Pledges receivable	-	95,189
Inventories	14,541	18,990
Prepaid expenses	93,445	82,448
Total current assets	<u>1,210,338</u>	<u>2,694,771</u>
Property, plant and equipment, net	<u>2,674,878</u>	<u>2,972,450</u>
Total assets	<u>\$ 3,885,216</u>	<u>\$ 5,667,221</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 250,592	\$ 819,764
Accrued liabilities	520,656	552,563
Grantor payables	-	35,173
Current maturities of capital lease obligations	20,530	29,202
Current maturities of note payable	8,448	7,938
Total current liabilities	<u>800,226</u>	<u>1,444,640</u>
Capital lease obligations, net of current maturities	<u>15,031</u>	<u>35,562</u>
Note payable, net of current maturities	<u>121,377</u>	<u>132,875</u>
Net Assets:		
Unrestricted	1,055,731	936,248
Temporarily restricted	1,892,851	3,117,896
Total net assets	<u>2,948,582</u>	<u>4,054,144</u>
Total liabilities and net assets	<u>\$ 3,885,216</u>	<u>\$ 5,667,221</u>

**Yadkin Valley Economic Development District, Inc.**  
**Statements of Activities**  
**For the Years Ended June 30, 2015 and 2014**

	2015			2014		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
<b>REVENUE AND SUPPORT</b>						
Grants	\$ -	\$ 6,931,704	\$ 6,931,704	\$ -	\$ 5,858,688	\$ 5,858,688
In-kind contributions	-	244,313	244,313	-	256,782	256,782
Donations	168,071	-	168,071	236,202	-	236,202
Program income	3,150,174	-	3,150,174	5,113,955	-	5,113,955
Local government appropriations	-	387,904	387,904	-	393,807	393,807
Interest	-	431	431	-	770	770
Gain on sale of property, plant and equipment	38,227	-	38,227	24,438	-	24,438
Unrealized gain on investments	-	1,156	1,156	-	3,120	3,120
Net assets released from restrictions:						
Satisfaction of program restrictions	8,790,553	(8,790,553)	-	6,071,691	(6,071,691)	-
Total Revenue and Support	12,147,025	(1,225,045)	10,921,980	11,446,286	441,476	11,887,762
<b>EXPENSES</b>						
Program expenses	11,409,199	-	11,409,199	11,668,744	-	11,668,744
Management and general	607,280	-	607,280	607,582	-	607,582
Interest expense	11,063	-	11,063	15,242	-	15,242
Total Expenses	12,027,542	-	12,027,542	12,291,568	-	12,291,568
Change in Net Assets	119,483	(1,225,045)	(1,105,562)	(845,282)	441,476	(403,806)
Net Assets at beginning of year	936,248	3,117,896	4,054,144	1,781,530	2,676,420	4,457,950
Net Assets at end of year	\$ 1,055,731	\$ 1,892,851	\$ 2,948,582	\$ 936,248	\$ 3,117,896	\$ 4,054,144

See accompanying notes.

**Yadkin Valley Economic Development District, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2015**

	<u>Community Services Block Grant</u>	<u>Head Start</u>	<u>U.S.D.A. Nutrition</u>	<u>Older Americans Act</u>	<u>Weather- ization</u>
<b>PERSONNEL:</b>					
Salaries and wages	\$ 150,587	\$ 1,799,143	\$ 18,255	\$ 151,745	\$ 152,891
Fringe	55,842	528,104	2,846	41,855	49,521
<b>NON-PERSONNEL:</b>					
Contracted services	-	2,789	-	2,026	98,460
Travel - staff and board	5,768	56,509	-	6,833	61
Travel - participants/ maintenance	27,962	272,376	-	151,638	16,711
Facilities	15,106	418,225	-	30,115	5,241
Supplies	8,529	88,207	649	4,781	2,326
Insurance	2,068	25,742	-	9,405	4,651
Communications	5,912	26,109	-	6,946	3,274
Depreciation	2,498	73,286	-	695	21,288
Food	-	11,437	263,166	297,698	-
Training	4,494	-	-	940	-
Other	135,037	51,280	4,129	43,381	218,894
Total	<u>\$ 413,803</u>	<u>\$ 3,353,207</u>	<u>\$ 289,045</u>	<u>\$ 748,058</u>	<u>\$ 573,318</u>

See accompanying notes.

<u>Retired &amp; Senior Volunteer Program</u>	<u>Community Transportation Program</u>	<u>Other Funded Transport</u>	<u>Other Programs</u>	<u>Local Service Programs</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
\$ 50,516	\$ 1,756,498	\$ -	\$ 217,037	\$ 215,024	\$ 368,820	\$ 4,880,516
12,790	492,460	-	79,494	66,333	123,400	1,452,645
211	60,559	-	5,330	34,321	44,516	248,212
3,850	17,067	-	2,022	2,861	3,824	98,795
3,907	951,147	580,014	6,373	3,960	3,969	2,018,057
1,422	78,611	-	3,600	195,286	33,997	781,603
442	14,864	-	36,963	131,079	9,552	297,392
1,578	147,509	-	1,549	8,554	10,173	211,229
2,332	89,359	-	17,389	62,782	1,412	215,515
170	411,703	-	2,603	48,134	2,546	562,923
-	-	-	-	-	-	572,301
-	4,242	-	-	1,476	-	11,152
3,454	21,074	-	57,656	126,163	5,071	666,139
<u>\$ 80,672</u>	<u>\$ 4,045,093</u>	<u>\$ 580,014</u>	<u>\$ 430,016</u>	<u>\$ 895,973</u>	<u>\$ 607,280</u>	<u>\$ 12,016,479</u>



**Yadkin Valley Economic Development District, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2014**

	<u>Community Services Block Grant</u>	<u>Head Start</u>	<u>U.S.D.A. Nutrition</u>	<u>Older Americans Act</u>	<u>Weather- ization</u>
<b>PERSONNEL:</b>					
Salaries and wages	\$ 140,105	\$ 1,709,950	\$ 21,874	\$ 158,344	\$ 138,511
Fringe	50,806	547,076	3,267	38,444	39,845
<b>NON-PERSONNEL:</b>					
Contracted services	224	11,063	-	3,006	84,112
Travel - staff and board	13,221	55,006	-	7,264	503
Travel - participants/ maintenance	9,812	292,663	-	132,878	9,608
Facilities	12,149	420,530	-	28,546	3,525
Supplies	9,988	52,307	671	11,106	4,108
Insurance	1,861	25,003	-	8,907	4,651
Communications	5,296	24,231	-	5,869	2,334
Depreciation	2,392	89,946	-	-	17,112
Food	-	10,911	257,062	264,917	-
Training	-	8,924	-	850	5,400
Other	69,976	59,736	-	32,976	186,956
Total	<u>\$ 315,830</u>	<u>\$ 3,307,346</u>	<u>\$ 282,874</u>	<u>693,107</u>	<u>\$ 496,665</u>

See accompanying notes.

<u>Retired &amp; Senior Volunteer Program</u>	<u>Community Transportation Program</u>	<u>Other Funded Transport</u>	<u>Other Programs</u>	<u>Local Service Programs</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
\$ 47,055	\$ 1,794,805	\$ -	\$ 204,403	\$ 368,454	\$ 318,377	\$ 4,901,878
12,871	484,729	-	69,790	108,059	110,492	1,465,379
13	55,192	-	1,642	9,730	39,873	204,855
5,331	16,014	-	8,973	9,243	9,036	124,591
1,219	1,010,600	760,961	2,199	138,432	-	2,358,372
1,444	71,708	-	33,581	186,036	63,045	820,564
1,796	94,165	-	33,244	56,223	23,731	287,339
1,374	93,982	-	1,334	59,094	8,666	204,872
1,260	59,915	-	20,874	55,359	9,993	185,131
71	393,259	-	1,289	70,733	675	575,477
-	-	-	-	6,297	-	539,187
-	7,362	-	208	1,913	544	25,201
1,671	169,802	-	23,906	15,307	23,150	583,480
<u>\$ 74,105</u>	<u>\$ 4,251,533</u>	<u>\$ 760,961</u>	<u>\$ 401,443</u>	<u>\$ 1,084,880</u>	<u>\$ 607,582</u>	<u>\$ 12,276,326</u>

**Yadkin Valley Economic Development District, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ (1,105,562)	\$ (403,806)
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	562,923	575,477
Gain on sale of property, plant and equipment	(38,227)	(24,438)
Unrealized gain on investments	(1,156)	(3,120)
Changes in operating assets and liabilities:		
Accounts receivable, net	149,127	(8,362)
Grants receivables	792,289	(434,693)
Pledges receivable	95,189	(22,601)
Inventories	4,449	9,496
Prepaid expenses	(10,997)	(27,179)
Accounts payable	(569,172)	257,091
Grantor payables	(35,173)	(18,845)
Accrued liabilities	(31,907)	134,282
Net cash provided (used) by operating activities	<u>(188,217)</u>	<u>33,302</u>
Cash flows from investing activities:		
Proceeds from sale of property, plant and equipment	38,227	34,030
Purchase of property, plant and equipment	<u>(265,351)</u>	<u>(601,242)</u>
Net cash used by investing activities	<u>(227,124)</u>	<u>(567,212)</u>
Cash flows from financing activities:		
Payments on note payable	(10,988)	(8,201)
Payments on capital lease obligations	<u>(29,203)</u>	<u>(366)</u>
Net cash used by financing activities	<u>(40,191)</u>	<u>(8,567)</u>
Net decrease in cash equivalents	(455,532)	(542,477)
Cash and cash equivalents, beginning of year	<u>820,620</u>	<u>1,363,097</u>
Cash and cash equivalents, end of year	<u>\$ 365,088</u>	<u>\$ 820,620</u>
Supplemental Disclosures of Cash Flow Information		
Cash payments for interest	<u>\$ 11,063</u>	<u>\$ 15,242</u>
Noncash Transactions		
Property, plant and equipment acquired by capital lease obligation	<u>\$ -</u>	<u>\$ 31,252</u>

See accompanying notes.

## **Notes to Financial Statements**

### **1. Nature of Business and Significant Accounting Policies**

#### ***Nature of Business***

Yadkin Valley Economic Development District, Inc. ("YVEDDI" or the "Organization"), is a nonprofit community action agency, which administers the grant funds it receives by the provision of OMB Circulars A-110 and A-122. The Agency operates a number of funded programs, as well as local service programs, to promote the economic development in Yadkin, Stokes, Davie, and Surry Counties, North Carolina. Local service programs represent the consolidation of Local Effort, Transportation, Yadkin Valley Community Senior Center, L. H. Jones (Surry County) Family Resource Center, Greater East Bend Community & Senior Center, Pilot Mountain Senior Center and Consumables Warehouse operations.

A summary of the Organization's significant accounting policies are as follows:

#### ***Basis of Accounting***

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*, Subtopic 205, *Presentation of Financial Statements*. Under those provisions, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets or permanently restricted net assets.

#### ***Basis of Presentation***

Net assets of the Agency are classified as unrestricted, temporarily restricted or permanently restricted.

- *Unrestricted net assets* consist of assets, net of liabilities, related to the Organization's operating activities, which are available at the discretion of the Board of Directors. Unrestricted net assets are not restricted by donors, or the donor-imposed restrictions have expired.
- *Temporarily restricted net assets* contain donor-imposed restrictions that permit the Organization to use or expend the assets as specified. These restrictions are satisfied either by the passage of time or by actions of the Organization. Donor restricted contributions and investment returns whose restrictions are met in the same period they are received are reported as unrestricted support and expenditures.
- *Permanently restricted net assets* contain donor-imposed restrictions and stipulate the resources be maintained permanently, but permit the Organization to use, or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

#### ***Revenue Recognition***

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 (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

#### ***Functional Expenses***

The Organization allocates its expenses on a functional basis among its various programs. Expenses that can be identified with a specific program are allocated directly according to their natural expense classification.

**Yadkin Valley Economic Development District, Inc.**  
**Notes to Financial Statements**

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***In-Kind Contributions***

In-kind contributions are used by the Organization to satisfy the cost sharing requirements of grantor contracts, including the U.S. Department of Health and Human Services. The Organization will occasionally receive various facility and fixed asset donations, which are allocable to other programs. In-kind contributions used for matching are recognized for grant reporting purposes only to the extent necessary to meet matching requirements.

***Inventories***

Inventories consist of supplies held at the Consumable Warehouse and are valued at the lower of cost, on a first in, first out basis, or market.

***Investments***

The Organization owns marketable equity securities which are held in a brokerage account with LPL Financial. These investments were received as contributions and are adjusted annually to reflect their fair value at year end.

***Property and Equipment***

Purchased property and equipment is capitalized at cost. Donated fixed assets are reported as support at their estimated fair value at the date of donation. All data processing equipment with a cost of less than \$500 is expensed in the year of acquisition. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets.

***Use of Estimates***

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

***Accounts Receivable***

Accounts receivable are uncollateralized obligations of customers that are stated at the amount billed and are due within 30 days. The carrying amount of accounts receivable is reduced by accounts considered uncollectible. The Organization maintains an allowance for doubtful accounts for receivables which is an estimate based on collection experience and a review of the current status of trade accounts receivable.

***Income Taxes***

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and is also exempt from North Carolina income tax. Therefore, no provision has been made for federal or state income taxes in the accompanying financial statements. The Organization has determined that it does not have any material unrecognized tax benefits or obligations as of June 30, 2015.

***Indirect Costs***

Indirect costs are those costs which accrue to the benefit of all grant programs, but are not readily identifiable to a particular program. Since these costs do contribute to the cost for implementing the program, the Community Services Block Grant allows it's pro rata share to be claimed for reimbursement. Other programs may not allow their pro rata share of indirect costs to be claimed for reimbursement.

***Capital Lease Obligations***

Leases that transfer substantially all of the benefits and risks of ownership to an entity are accounted for as capital leases. The present value of the lease payments are reported as capital lease obligations in the accompanying statements of financial position. The leased assets are capitalized and the related amortization is included in depreciation expense (Note 9).

**Yadkin Valley Economic Development District, Inc.**  
**Notes to Financial Statements**

***Cash and Cash Equivalents***

Cash and cash equivalents consist of highly liquid investments purchased with an original maturity of three months or less.

***Reclassifications***

Certain reclassifications have been made to the 2014 financial statements in order for them to be in conformity with the 2015 presentation.

***Subsequent Events***

The Organization evaluated the effect subsequent events would have on the financial statements through January 27, 2016, which is the date the financial statements were available to be issued.

**2. Property, Plant and Equipment**

Property and equipment owned at June 30, 2015 by the Organization consists of the following:

	<u>2015</u>	<u>2014</u>
Major fixed asset classification:		
Land	\$ 308,522	\$ 308,522
Buildings and improvements	2,484,549	2,419,559
Office and communications equipment	887,642	879,109
Heavy equipment	70,788	67,481
Vehicles	<u>3,489,662</u>	<u>3,973,349</u>
	7,241,163	7,648,020
Less accumulated depreciation	<u>4,566,285</u>	<u>4,675,570</u>
	<u>\$ 2,674,878</u>	<u>\$ 2,972,450</u>

**3. Non-Expendable Property**

Acquisitions of non-expendable property are treated as transfers of the program fund in the period incurred and asset values are recorded in the fixed asset fund.

The Organization holds the following fixed assets, which were acquired with donor funds with restrictions on asset use and grant funds with the grantor agency holding a principal reversionary interest. All vehicles acquired through the Community Transportation Program are subject to a security agreement with the North Carolina Department of Transportation. The purpose of this lien is to ensure proper procedures are followed in the use and ultimate disposition of the vehicles in accordance with the project agreement. These assets are included in the statements of financial position, net of accumulated depreciation of \$3,731,308 and \$3,914,750 as of June 30, 2015 and 2014, respectively (Note 2).

<u>Program</u>	<u>Cost 6/30/2014</u>	<u>Additions 6/30/2015</u>	<u>Deletions 6/30/2015</u>	<u>Cost 6/30/2015</u>
Head Start	\$ 1,050,979	\$ 20,140	\$ 30,972	\$ 1,040,147
Head Start ARRA	17,184	-	-	17,184
Weatherization	49,582	43,413	5,033	87,962
Weatherization ARRA	134,251	-	1,450	132,801
Community Transport Program	3,070,781	3,387	612,722	2,461,446
Community Transport Program ARRA	227,256	189,068	-	416,324
Community Transport Program TTAP	150,640	-	-	150,640
CSBG	10,896	8,326	-	19,222

**Yadkin Valley Economic Development District, Inc.**  
**Notes to Financial Statements**

Program	Cost 6/30/2014	Additions 6/30/2015	Deletions 6/30/2015	Cost 6/30/2015
Courtney Business Development	192,064	-	-	192,064
RSVP	1,190	-	-	1,190
Yadkin Co. Domestic Violence	1,736	1,294	-	3,030
Stokes Domestic Violence	6,498	387	2,373	4,512
Surry Domestic Violence	1,045	3,503	329	4,219
ECMHS	542,836	13,250	3,411	552,675
Sec 18 Non Program	188,005	-	47,308	140,697
Migrant Head Start ARRA	7,208	-	-	7,208
HARRP	3,532	-	562	2,970
SCSC	-	1,974	-	1,974
OAA	-	1,278	-	1,278
Wea/HARRP	910	-	-	910
	<u>\$ 5,656,593</u>	<u>\$ 286,020</u>	<u>\$ 704,160</u>	<u>\$ 5,238,453</u>

**4. Pension Plan**

The Organization is the sponsor of a Money Purchase Pension Plan whose assets are held by the Hartford Life Insurance Company. All permanent employees who have attained the age of 18 are eligible for pension plan participation. The plan provides disability, death and retirement benefits to its members. Pension plan participants are entitled to vest after three years of service at which time there is 100% vesting. The Organization makes contributions of 5% of each participant's earnings. Employees may elect to make voluntary contributions of up to 10% of their compensation. Retirement expense was \$233,107 the year ended June 30, 2015 and \$211,256 for 2014.

**5. Indirect Cost Allocation Plan**

Yadkin Valley Economic Development District, Inc. submits its Indirect Cost Allocation Plan to its federal oversight agency, the U.S. Department of Health and Human Services, for approval on a triennial basis. The Indirect Cost Allocation Plan is based on the "alternative simplified method" whereby the costs of the indirect cost pool are allocated to each program and fund in proportion to the direct costs, excluding capital expenditures within each sub-award in excess of \$25,000, contracted costs, and other unallowed costs of each local and funded program in relation to these costs for the Organization as a whole. The final rate approved by the federal oversight agency for the years ended June 30, 2015 and 2014 were 5.65% and 5.74%, respectively. All indirect costs are allocated based on the applicable percentage of allowable direct costs.

**6. Compensated Absences**

Employees of the Organization are entitled to paid vacations (annual leave) and paid sick days (sick leave). Earned unused annual leave from one fiscal year may be carried over to subsequent periods however, employees may only accumulate up to thirteen days of annual leave. Earned annual leave not used is credited as sick leave. Upon termination from employment, earned unused annual leave may be paid if applicable program/project funds are available. The Organization has no obligation to pay accumulated sick leave upon termination from employment and accordingly, no accrual for sick leave has been recorded.

The total accrual of current unused annual leave was \$158,003 as of June 30, 2015 and \$152,390 as of June 30, 2014. The expenses and accrual, although attributable to employees in various Organization programs/projects, are reflected in the Local Service Program.

**Yadkin Valley Economic Development District, Inc.**  
**Notes to Financial Statements**

**7. Concentration of Credit Risk**

A substantial portion of the Organization's sources of funding depend on government programs. Should those programs be terminated or cut, it could have an adverse effect on the Organization's future operations. At times, the Company maintains deposits in federally insured financial institutions in excess of federally insured limits. Management monitors the soundness of these financial institutions and believes the risk of loss is insignificant.

**8. Note Payable**

	<u>2015</u>	<u>2014</u>
Note Payable – Capital Bank, interest only payable at a rate of 6.25% for September through November 2011, and beginning December 15, 2011, 60 equal payments of \$1,380 including principal and interest until November 15, 2016, at which time the balance is due. Secured by a deed of trust on building at 7131 NC Highway 801 South, Mocksville, NC.	\$ 129,825	\$ 140,813
Less current maturities	8,448	7,938
	<u>\$ 121,377</u>	<u>\$ 132,875</u>

Principal maturities are as follows:

2016	\$ 8,448
2017	121,377
	<u>\$ 129,825</u>

The Organization has a \$450,000 line-of-credit agreement with Capital Bank which matures on April 15, 2016 and is secured by certain property. Interest under this agreement is payable monthly at the one month LIBOR rate (0.19% as of June 30, 2015) plus 3.00% per annum. As of June 30, 2015 and 2014, there were no outstanding borrowings on this line-of-credit.

**9. Capital Leases**

The Organization is the lessee of various copying machines/printers as well as propane conversion kits under capital leases. The assets and liabilities under capital lease are initially recorded at the present value of the minimum lease payments, and are amortized over the shorter of the estimated useful lives of the assets or the term of the lease. Amortization of assets under capital lease is included in depreciation expense and the leases are secured by the various assets under lease. The leases expire at various dates ranging from May 2016 through October 2018 with interest rates ranging from 6% to 10%.

The future minimum lease payments under these capital leases as of June 30, 2015 are as follows:

2016	\$ 22,368
2017	6,920
2018	6,920
2019	<u>2,306</u>
Total minimum lease payments	38,514
Less: amount representing interest	<u>2,953</u>
Present value of net minimum obligations	35,561
Less: current obligation under capital lease	<u>20,530</u>
Long term obligation under capital lease	<u>\$ 15,031</u>

As of June 30, 2015 and June 30, 2014, the capitalized cost of assets held under capital lease obligations was \$74,775 and \$137,665, respectively. Additionally, the related accumulated depreciation for those leased assets as of June 30, 2015 and June 30, 2014 was \$41,683 and \$78,349, respectively.



**Yadkin Valley Economic Development District, Inc.**  
**Notes to Financial Statements**

**10. Operating Lease**

The Organization leases a facility under a non-cancellable operating lease agreement which expires in November 2018. At the Organization's discretion, the agreement contains a renewal option to extend the lease term for two additional five year periods at the conclusion of the original lease term. Monthly rent under this agreement is \$1,775. The minimum annual rent commitment under this non-cancelable operating lease as of June 30, 2015 is as follows:

2016	\$	21,300
2017		21,300
2018		21,300
2019		8,875
	\$	<u>72,775</u>

Total rent expense for operating leases was \$21,300 and \$12,425 for the years ended June 30, 2015 and June 30, 2014, respectively.

**11. Fair Value of Assets and Liabilities**

Fair value as defined under generally accepted accounting principles is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles establish a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

- Level 1: Observable inputs such as quoted prices in active markets.
- Level 2: Inputs other than quoted prices in active markets that are either directly or indirectly observable.
- Level 3: Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

***Assets and Liabilities Measured at Fair Value on a Recurring Basis***

Prices for certain cash equivalents, such as money market mutual funds, and investment securities which are readily available in the active markets in which those securities are traded, are categorized as Level 1.

The following tables set forth by level, within the fair value hierarchy, the Organization's financial assets and liabilities accounted for at fair value on a recurring basis as of June 30, 2015 and 2014:

	<u>Assets at Fair Value as of June 30, 2015</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:			
Equity securities	\$ 17,554	\$ -	\$ -
	<u>Assets at Fair Value as of June 30, 2014</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:			
Equity securities	\$ 16,398	\$ -	\$ -

The Organization has \$365,088 and \$820,620 in cash and cash equivalents as of June 30, 2015 and 2014, respectively, which are not classified as a Level.

***Compliance Section***

## **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 Government Auditing Standards**

Board of Directors  
Yadkin Valley Economic Development District, Inc.  
Boonville, 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 Yadkin Valley Economic Development District, Inc. ("YVEDDI"), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated January 27, 2016.

### ***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered YVEDDI'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 YVEDDI's internal control. Accordingly, we do not express an opinion on the effectiveness of the YVEDDI'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 YVEDDI'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 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.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether YVEDDI's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 reports 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 YVEDDI'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.

*Dixon Hughes Goodman LLP*

**Winston-Salem, North Carolina  
January 27, 2016**

## **Supplementary Information Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by OMB Circular A-133**

Board of Directors  
Yadkin Valley Economic Development District, Inc.  
Boonville, North Carolina

### ***Report on Compliance for the Major Federal Program***

We have audited Yadkin Valley Economic Development District Inc.'s ("YVEDDI") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of YVEDDI's major federal programs for the year ended June 30, 2015. YVEDDI's major federal programs are identified in the summary of auditors' 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the YVEDDI'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, 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 YVEDDI'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 on YVEDDI's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, YVEDDI 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, 2015.

### ***Report on Internal Control over Compliance***

Management of YVEDDI is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered YVEDDI'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 YVEDDI'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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

*Dixon Hughes Goodman LLP*

**Winston-Salem, North Carolina**  
**January 27, 2016**

## **Independent Auditors' Report on Compliance for Each Major State Program and on Internal Control over Compliance Required by OMB Circular A-133 and State Single Audit Implementation Act**

Board of Directors  
Yadkin Valley Economic Development District, Inc.  
Boonville, North Carolina

### ***Report on Compliance for the Major State Program***

We have audited Yadkin Valley Economic Development District Inc.'s ("YVEDDI") compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of YVEDDI's major state programs for the year ended June 30, 2015. YVEDDI's major state programs are identified in the summary of auditors' 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 state programs.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the YVEDDI's major state 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 applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act 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 state program occurred. An audit includes examining, on a test basis, evidence about YVEDDI'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 state program. However, our audit does not provide a legal determination on YVEDDI's compliance.

### ***Opinion on Each Major State Program***

In our opinion, YVEDDI 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 state programs for the year ended June 30, 2015.

### ***Report on Internal Control over Compliance***

Management of YVEDDI is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered YVEDDI's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state 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 YVEDDI'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 state 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 state 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 state 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

*Dixon Hughes Goodman LLP*

**Winston-Salem, North Carolina**  
**January 27, 2016**



**Yadkin Valley Economic Development District, Inc.  
Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2015**

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Expenditures
<b>FEDERAL GRANTS</b>		
<b>Cash Assistance:</b>		
<u>U.S. Department of Agriculture</u>		
Passed through the NC Department of Public Instruction Division of Women's and Children's Health Child and Adult Food Program	10.558	\$ 304,564
<u>U.S. Department of Health and Human Services</u>		
Direct Programs Head Start	93.600	2,579,560
Passed through East Coast Migrant Head Start	93.600	439,356
Passed through NC Governor's Crime Commission Victims of Crime Act - Sexual Assault	16.575	45,665
Passed through NC Department of Health and Human Services Office of Economical Opportunity Community Service Block Grant	93.569	436,047
Passed through NC Department of Health and Human Services Family Violence Prevention	93.569	30,940
Passed through NW Piedmont Triad Regional Council Title III, Parts A & B for Supportive Services & Senior Centers	93.044	78,830
Title III, Part C Elderly Nutrition	93.045	267,681
Nutrition Services Incentive Program	10.570	58,476

**Yadkin Valley Economic Development District, Inc.  
 Schedule of Expenditures of Federal and State Awards  
 For the Year Ended June 30, 2015**

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Expenditures
FEDERAL GRANTS (Continued)		
<b>Cash Assistance:</b>		
<u>U.S. Department of Transportation</u>		
Passed through NC Department of Transportation		
Division of Public Transportation		
Urban Mass Transportation Capital and Operating Assistance		
Formula Grants for Rural Areas	20.509	567,074
Formula Grants for Rural Areas - ARRA	20.509	189,068
5310 - Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	51,533
5317 - New Freedom	20.513	39,365
<u>Corporation for National and Community Service</u>		
Direct Program		
Retire Senior Volunteer Program	94.002	45,270
<u>U.S. Department of Energy</u>		
Passed through NC Department of Commerce, Energy Division		
Weatherized Assistance for Low Income Persons	81.042	535,204
Total federal awards		<u>\$ 5,668,633</u>

**Yadkin Valley Economic Development District, Inc.  
Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2015**

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Expenditures
STATE GRANTS		
<b>Cash Assistance:</b>		
<u>N.C. Department of Health and Human Services:</u>		
Division of Aging		
Pass through NW Piedmont		
Triad Regional Council		
General Purpose Senior Centers YV	N/A	\$ 15,265
General Purpose Senior Centers YC	N/A	15,267
General Purpose Senior Centers EB	N/A	15,266
General Purpose Senior Centers SFRC	N/A	19,228
General Purpose Senior Centers PM	N/A	7,104
Title III, Parts A & B for Supportive Services and Senior Centers	N/A	64,819
Title III, Part C Elderly Nutrition	N/A	125,152
SSGB	N/A	1,357
<u>N.C. Department of Transportation</u>		
Public Transportation Division		
Urban Mass Transportation Capital and Operating Assistance		
Formula Grants for Rural Areas	N/A	14,971
Rural Operating Assistance Program		
Elderly and Disabled Transportation Assistance Program	N/A	301,467
Rural General Public Program	N/A	315,333
<u>N.C. Department of Administration</u>		
NC Council on the Status of Woman		
Stokes County Domestic Violence Program and Marriage License Fee Funds	N/A	68,454
Surry County Domestic Violence Program and Marriage License Fee Funds	N/A	62,534
Yadkin County Domestic Violence Program and Marriage License Fee Funds	N/A	66,000
Stokes County Sexual Assault	N/A	15,089
Surry County Sexual Assault	N/A	14,879
Yadkin County Sexual Assault	N/A	15,037

**Yadkin Valley Economic Development District, Inc.  
Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2015**

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Expenditures
STATE GRANTS (Continued)		
<u>N.C. Department of Public Instruction</u>		
Pass through Davie County Schools NC Pre-Kindergarten Program	N/A	52,364
Pass through Stokes Partnership for Children NC Pre-Kindergarten Program	N/A	101,361
Pass through Surry County Early Childhood Partnership NC Pre-Kindergarten Program	N/A	155,617
Pass through Yadkin County Schools NC Pre-Kindergarten Program	N/A	163,051
<u>N.C. Department of Administration</u>		
NC Council on the Status of Woman Stokes County Divorce Filing Fees	N/A	21,271
Surry County Divorce Filing Fees	N/A	18,390
Yadkin County Divorce Filing Fees	N/A	20,552
Total state awards		<u>\$ 1,669,828</u>
Total awards		<u>\$ 7,338,461</u>

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

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (SEFSA) includes the federal and state grant activity of the Yadkin Valley Economic Development District, Inc. under the programs of the federal government and the state of North Carolina for the year ended June 30, 2015. The information in this SEFSA is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act. Because the SEFSA presents only a select portion of the operations of the Yadkin Valley Economic Development District, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of the Yadkin Valley Economic Development District, Inc.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

**Yadkin Valley Economic Development District, Inc.  
Schedule of Findings and Questioned Costs**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**Financial Statements**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified?  yes  no
- Significant deficiencies identified that are not considered to be material weaknesses  yes  none reported

Noncompliance material to financial statements noted  yes  no

**Federal Awards**

Internal control over major federal programs:

- Material weaknesses identified?  yes  no
- Significant deficiencies identified that are not considered to be material weaknesses  yes  none reported

Noncompliance material to federal awards  yes  no

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 the Section 510(a) of Circular A-133  yes  no

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
20.509	Urban Mass Transportation Capital and Operating Assistance
20.509	Formula Grants for Rural Areas
20.513	Formula Grants for Rural Areas – ARRA
20.513	5310 – Enhanced Mobility of Seniors and Individuals with Disabilities
	5317 – New Freedom
93.600	Head Start

Dollar threshold used to distinguish between Type A and Type B Programs: \$300,000

Auditee qualified as low-risk auditee?  yes  no

**Yadkin Valley Economic Development District, Inc.  
Schedule of Findings and Questioned Costs**

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**SECTION I – SUMMARY OF AUDITOR’S RESULTS (CONTINUED)**

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**State Awards**

Internal control over major state programs:

- Material weaknesses identified?                     yes     no
- Significant deficiencies identified that are not  
  considered to be material weaknesses             yes     none reported

Noncompliance material to state awards             yes     no

Type of auditors’ report issued on compliance for  
major state programs: Unmodified

Any audit findings disclosed that are required to be  
reported in accordance with the State Single Audit  
Implementation Act                                     yes     no

Identification of major state programs:

\_\_\_\_\_ Program Name \_\_\_\_\_

- NC Pre-Kindergarten Program
- Rural Operating Assistance Program
- Elderly and Disabled Transportation Assistance Program
- Rural General Public Program

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

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None

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**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

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None

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**SECTION IV – STATE AWARD FINDINGS AND QUESTIONED COSTS**

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None