

**KENTUCKY PARTNERSHIP FOR FAMILIES
AND CHILDREN, INC.**

**FINANCIAL STATEMENTS
(Modified Cash Basis)**

Year Ended June 30, 2012

CONTENTS

Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position – modified cash basis	3
Statement of Activities – modified cash basis	4
Statement of Functional Expenses – modified cash basis	5
Statement of Cash Flows – modified cash basis	6
Notes to Financial Statements	7
Supplementary Information	
Schedule of Expenditures of Federal Awards	12
Notes to the Schedule of Expenditures of Federal Awards	13
Report on Internal Control over Financial Reporting and on Compliance and Others Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	14
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	16
Schedule of Findings and Questioned Costs	18

TICHENOR & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS and MANAGEMENT CONSULTANTS

304 MIDDLETOWN PARK PLACE SUITE C
LOUISVILLE, KY 40243

BUSINESS: (502) 245-0775
FAX: (502) 245-0725

E-MAIL: wtichenor@tichenorassociates.com

To the Board of Directors
Kentucky Partnership for Families and Children, Inc.

Independent Auditors' Report

We have audited the accompanying statement of financial position – modified cash basis of Kentucky Partnership for Families and Children, Inc. (a not-for-profit organization) as of June 30, 2012, and the related statements of activities – modified cash basis, statement of functional expenses – modified cash basis and cash flows – modified cash basis for the year then ended. These financial statements are the responsibility of Kentucky Partnership for Families and Children, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kentucky Partnership for Families and Children, Inc. as of June 30, 2012, and changes in its net assets, functional expenses and cash flows for the year then ended, on the modified cash basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2012 on our consideration of Kentucky Partnership for Families and Children, Inc.'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 on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Kentucky Partnership for Families and Children, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied to our audit of the basic financial statements. And, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Tichenor & Associates, LLP

Tichenor & Associates, LLP
September 25, 2012

KENTUCKY PARTNERSHIP FOR FAMILIES AND CHILDREN, INC.

**STATEMENT OF FINANCIAL POSITION –
MODIFIED CASH BASIS**

June 30, 2012

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$106,234
Investments	<u>21,153</u>
	127,387
FURNITURE AND EQUIPMENT , at cost (Note 1)	35,147
Less accumulated depreciation	<u>21,593</u>
	<u>13,554</u>
TOTAL ASSETS	<u><u>\$140,941</u></u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Payroll taxes payable	\$ (458)
NET ASSETS	
Unrestricted	126,081
Temporarily restricted (Note 4)	<u>15,318</u>
	<u>141,399</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$140,941</u></u>

The accompanying notes and auditors' report should be read with these financial statements.

KENTUCKY PARTNERSHIP FOR FAMILIES AND CHILDREN, INC.

**STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
Year Ended June 30, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Grants (Note 1)	\$850,349	\$	\$850,349
Donations (Notes 1 and 4)	35,624	16,700	52,324
Fundraising events	2,224		2,224
Services	5,125		5,125
Interest income	282		282
	<hr/>	<hr/>	<hr/>
	893,604	16,700	910,304
Net assets released from restrictions (Note 4)	<hr/>	<hr/>	<hr/>
	10,864	(10,864)	
Total revenues	<hr/>	<hr/>	<hr/>
	904,468	5,836	910,304
Expenses:			
Program	810,316		810,316
Administrative and general	85,825		85,825
Fundraising	14,318		14,318
	<hr/>	<hr/>	<hr/>
Total expenses	<hr/>	<hr/>	<hr/>
	910,459		910,459
Increase (decrease) in total net assets	<hr/>	<hr/>	<hr/>
	(5,991)	5,836	(155)
Net assets at beginning of year	<hr/>	<hr/>	<hr/>
	132,072	9,482	141,554
Net assets at end of year	<hr/>	<hr/>	<hr/>
	\$126,081	\$ 15,318	\$141,399

The accompanying notes and auditors' report should be read with these financial statements.

KENTUCKY PARTNERSHIP FOR FAMILIES AND CHILDREN, INC.

**STATEMENT OF FUNCTIONAL EXPENSES –
MODIFIED CASH BASIS
Year Ended June 30, 2012**

	<u>Program</u>	<u>Administrative and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$298,142	\$ 38,822	\$ 9,878	\$346,842
Employee benefits	36,218	4,716	1,200	42,134
Payroll taxes	26,405	3,438	875	30,718
Other employee expenses	907			907
Independent contractors	19,090			19,090
Public awareness	14,415	1,696	848	16,959
Newsletters	6,158			6,158
Accounting		6,950		6,950
Copier	3,131	835	209	4,175
Insurance	8,360	1,089	277	9,726
Postage	1,980	1,440	180	3,600
Rent		10,500		10,500
Supplies	3,350	3,641	291	7,282
Telephone	4,343	2,101	560	7,004
Training	187,087			187,087
Travel	166,243			166,243
Utilities		4,673		4,673
Joint meetings	26,927			26,927
Membership dues	2,885			2,885
Miscellaneous	4,675			4,675
Depreciation (Note 1)		5,924		5,924
Totals	<u>\$810,316</u>	<u>\$ 85,825</u>	<u>\$ 14,318</u>	<u>\$910,459</u>

The accompanying notes and auditors' report should be read with these financial statements.

KENTUCKY PARTNERSHIP FOR FAMILIES AND CHILDREN, INC.

STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS

June 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (155)
Adjustments to reconcile change in net assets	
Depreciation	5,924
(Increase)/decrease in furniture and equipment	(2,300)
Increase/(decrease) in payroll taxes payable	<u>(7,781)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	(4,312)

CASH FLOWS FROM INVESTING ACTIVITIES

(Increase)/decrease in investments	<u>(243)</u>
NET CASH (USED FOR) INVESTING ACTIVITIES	(243)

NET INCREASE/(DECREASE) IN CASH (4,555)

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 110,789

CASH AND CASH EQUIVALENTS, END OF YEAR \$106,234

SUPPLEMENTAL DISCLOSURE:

Cash paid for interest	<u>\$ 0</u>
------------------------	-------------

The accompanying notes and auditors' report should be read with these financial statements.

KENTUCKY PARTNERSHIP FOR FAMILIES AND CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Operations and Significant Accounting Policies

Nature of operations and mission:

Kentucky Partnership for Families and Children, Inc. (KPFC) is a not-for-profit, children's mental health advocacy organization located in Frankfort, Kentucky. KPFC's vision is to improve the quality of life for children, youth and young adults facing emotional, social, and behavioral challenges. KPFC is dedicated to nurturing hope for futures through education to individuals, their families, the professionals that serve them, and the public; advocacy to improve outcomes and quality of life for children, youth, and young adults; and reaching out to groups that do not receive adequate services.

Significant accounting policies:

Basis of accounting:

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under that basis, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligations are incurred. Consequently, KPFC has not recognized contributions receivable from donors nor accounts payable to vendors, and their related effects on the change in net assets in the accompanying financial statements. However, KPFC has shown depreciation for capitalized assets and liabilities for payroll taxes payable.

Cash and cash equivalents:

KPFC considers all monies in banks and highly liquid investments with a maturity of three months or less to be cash equivalents.

Investments:

KPFC has invested in two certificates of deposit with the Farmer's Bank and Capital Trust Company, of Frankfort, KY. The certificates of deposit mature on June 30, 2013 and March 10, 2013. As of June 30, 2012, the value of the certificates of deposit was \$10,976 and \$10,177, respectively.

NOTES TO FINANCIAL STATEMENTS

Furniture and equipment:

Furniture and equipment are recorded at cost, if purchased, or at fair market value as of the date of donation, if donated. Depreciation is computed using straight-line method over the estimated useful lives of the related assets, which is currently five years for KPFC's furniture and equipment.

Donations:

Donations other than cash are recorded at their fair market value as of the date of donation. Donated services must meet the specific expertise requirements and would normally have been purchased before they are recorded. Donations of long-lived assets with explicit restrictions that specify how the assets are to be used and donations of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, KPFC reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Revenues:

For the year ended June 30, 2012, approximately 94% of the KPFC's revenues were derived from grants and services contracts.

Functional allocation of expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the program services and supporting services benefited.

Estimates:

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

Note 2. Funding from Grant Awards

Statewide Family Network Grant – KPFC’s vision is to improve the quality of life for children, youth, and young adults facing emotional, social, and behavioral challenges and to encourage the healthy functioning of their families through education, advocacy and outreach.

To carry out its vision, KPFC receives annual funding from the U.S. Department of Health and Human Services. For the period September 30, 2010 through September 29, 2011 KPFC was awarded \$70,000, and for the period September 30, 2011 through September 29, 2012 KPFC was awarded an additional \$70,000.

During the year ended June 30, 2012, KPFC received \$70,674 and expended \$70,575 from these awards.

Children’s Service Block Grants – To carry out its mission as a statewide advocacy and support organization for children and youth with severe emotional disturbances, including those with co-occurring substance abuse disorders, and their families, KPFC receives funding from the Kentucky Cabinet for Health and Family Services passed through from the U.S. Department of Health and Human Services.

For the period July 20, 2010 through June 30, 2012, KPFC was awarded a total of \$316,000, composed of two awards of \$286,000 and \$30,000.

During the year ended June 30, 2012, KPFC received a total of \$158,000 (\$143,006 and \$14,994, respectively) and expended \$154,711 (\$140,023 and \$14,688, respectively) from these awards.

System to Enhance Early Development (SEED) – The Kentucky Cabinet for Health and Family Services provides funding passed through from the U.S. Department of Health and Human Services to provide community-based systems of care for Kentucky children and youth with severe emotional disturbances and their families.

For the period July 20, 2010 through June 30, 2012, KPFC was awarded \$1,059,000.

During the year ended June 30, 2012, KPFC received \$621,675 and expended \$627,393 from this award.

NOTES TO FINANCIAL STATEMENTS

Early Childhood Mental Health - 2011 – Eastern Kentucky University awarded funds passed through the Kentucky Cabinet for Health and Family Services from the U.S. Department of Health and Human Services to (1) provide scholarships to parents to attend an Infant/Toddler Institute, and (2) support an Early Childhood Family Conference.

For the period May 1, 2011 through June 30, 2011, KPFC was awarded \$20,000 but did not receive any funding from this award until the year ended June 30, 2012.

During the year ended June 30, 2012, KPFC received \$19,997 and expended \$16,633 from this award.

Note 3. Leases

On June 1, 2004, KPFC entered into a one-year operating lease for its office space requiring monthly payments of \$600. The lease also requires KPFC to pay for its utilities and insurance costs. Subsequent to May 31, 2005, KPFC entered into a month to month operating lease for its office space requiring monthly payments of \$600. During August 2011, KPFC acquired additional office space on the second floor of the building they currently occupy. Required monthly payments increased to \$900. Rent expense for the year ended June 30, 2012 was \$10,500.

Note 4. Changes in Temporarily Restricted Net Assets

Changes in temporarily restricted net assets during the year ended June 30, 2012, were as follows:

	Balance 6-30-11	Restricted Funds Received	Released from Restrictions	Balance 6-30-12
Funds restricted for:				
Teen Social Club	\$ 451	\$ 1,000	\$	\$ 1,451
Cope House Volunteers	902	10,000	4,352	6,550
Family Education and Support	235	700	800	135
Youth Leadership	7,894	5,000	5,712	7,182
	\$ 9,482	\$ 16,700	\$ 10,864	\$ 15,318

Note 5. Income Taxes

KPFC is exempt from federal, Kentucky and local income taxes as a not-for-profit organization under Internal Revenue Code Section 501(c)(3).

SUPPLEMENTARY INFORMATION

KENTUCKY PARTNERSHIP FOR FAMILIES AND CHILDREN, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2012**

<u>Federal Grantor/Pass Through Grantor/ Program Title</u>	<u>CFDA #</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Health and Human Services</u>			
Direct Grant:			
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	1HR1SM059865-01/ 5HR1SM059865-02	\$ 70,575
Passed through Kentucky Cabinet for Health and Family Services:			
Block Grants for Community Mental Health Services	93.958	729 1100000203 4	140,023
Block Grants for Prevention and Treatment of Substance Abuse	93.959	729 1100000203 4	14,688
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances	93.104 *	729 1100000203 4	627,393
Passed through Eastern Kentucky University:			
Maternal and Child Health Federal Consolidated Programs	93.110	452204-11-251	<u>16,633</u>
Total Expenditures of Federal Awards			<u>\$ 869,312</u>

*Denotes major program

See Notes to Schedule of Expenditures of Federal Awards

KENTUCKY PARTNERSHIP FOR FAMILIES AND CHILDREN, INC.

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2012**

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Kentucky Partnership for Families and Children, Inc. under programs of the federal government for the year ended June 30, 2012. 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*. Because the Schedule presents only a selected portion of the operations of Kentucky Partnership for Families and Children, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Kentucky Partnership for Families and Children, Inc.

Note B – Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles of Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.

TICHENOR & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS and MANAGEMENT CONSULTANTS

304 MIDDLETOWN PARK PLACE SUITE C
LOUISVILLE, KY 40243

BUSINESS: (502) 245-0775
FAX: (502) 245-0725

E-MAIL: wtichenor@tichenorassociates.com

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

To the Board of Directors
Kentucky Partnership for Families and Children, Inc.

We have audited the financial statements of Kentucky Partnership for Families and Children, Inc. (a not-for-profit organization) as of and for the year ended June 30, 2012, and have issued our report thereon dated September 25, 2012. 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.

Internal Control Over Financial Reporting

Management of the Kentucky Partnership for Families and Children, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Kentucky Partnership for Families and Children, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Kentucky Partnership for Families and Children, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Kentucky Partnership for Families and Children, Inc.'s internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kentucky Partnership for Families and Children, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Kentucky Partnership for Families and Children, Inc. in a separate letter dated September 25, 2012.

This report is intended solely for the information and use of management, Board of Directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Tichenor & Associates, LLP

Tichenor & Associates, LLP
September 25, 2012

TICHENOR & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS and MANAGEMENT CONSULTANTS

304 MIDDLETOWN PARK PLACE SUITE C
LOUISVILLE, KY 40243

BUSINESS: (502) 245-0775
FAX: (502) 245-0725

E-MAIL: wtichenor@tichenorassociates.com

**Report on Compliance with Requirements Applicable to Each Major Program and on
Internal Control Over Compliance in Accordance with OMB Circular A-133**

To the Board of Directors
Kentucky Partnership for Families and Children, Inc.

Compliance

We have audited Kentucky Partnership for Families and Children, Inc.'s compliance with the types of compliance described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2012. Kentucky Partnership for Families and Children, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements referred to above is the responsibility of Kentucky Partnership for Families and Children, Inc.'s management. Our responsibility is to express an opinion on Kentucky Partnership for Families and Children, Inc.'s compliance based on our audit.

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 identified in the accompanying schedule of findings and questioned costs occurred. An audit includes examining, on a test basis, evidence about Kentucky Partnership for Families and Children, Inc.'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. Our audit does not provide a legal determination of Kentucky Partnership for Families and Children, Inc.'s compliance with those requirements.

In our opinion, Kentucky Partnership for Families and Children, Inc. complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its major federal programs identified in the accompanying schedule of findings and questioned costs for the year ended June 30, 2012.

Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control
Over Compliance in Accordance with OMB Circular A-133
(Continued)

Internal Control Over Compliance

Management of Kentucky Partnership for Families and Children, Inc. is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered Kentucky Partnership for Families and Children, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 Kentucky Partnership for Families and Children, Inc.'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 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.

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 that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, Board of Directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Tichenor & Associates, LLP

Tichenor & Associates, LLP
September 25, 2012

KENTUCKY PARTNERSHIP FOR FAMILIES AND CHILDREN, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? _____ yes X no

Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

Material weakness identified? _____ yes X no

Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

Type of auditor's report issued on compliance for major programs: Unqualified

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

Programs tested as major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances

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

Auditee qualified as low-risk auditee? X yes _____ no

Section II - Financial Statement Audit Findings

No matters were reported.

Section III - Major Federal Programs Audit Findings

No matters were reported.