WINGS for kids

Charleston, South Carolina
Report on Financial Statements
Year Ended June 30, 2016

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WINGS for kids
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Independent Auditors' Report

To the Board of Directors
WINGS for kids
Charleston, South Carolina

Report on the Financial Statements

We have audited the accompanying statement of financial position of WINGS for kids (a non-profit 501(c)(3) organization), as of June 30, 2016 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.

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 of 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 respective financial position of WINGS for kids, as of June 30, 2016, and the respective changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

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 Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2016 on our consideration of WINGS for kids' 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 WINGS for kids' internal control over financial reporting and compliance.

McCay, Kiddy & Associates, LLC

Mount Pleasant, South Carolina
September 27, 2016

WINGS for kids
Statement of Financial Position
June 30, 2016

Assets		
Current Assets		
Cash	$	3,577,013
Unconditional promises to give (net of allowance for uncollectibles)		519,519
Endowment		36,821
Other receivables		159,299
Total current assests		4,292,652
Noncurrent Assets		
Endowment		49,000
Property and equipment (at cost less accumulated depreciation)		1,155
Total noncurrent assets		50,155
Total Assets	$	4,342,807
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$	579,368
Accrued salaries and payroll taxes		124,280
Total current liabilities		703,648
Total Liabilities		703,648
Net Assets		
Unrestricted		3,033,819
Temporarily restricted		556,340
Permanently restricted		49,000
Total net assets		3,639,159
Total Liabilities and Net Assets	$	4,342,807

WINGS for kids
Statement of Activities
Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Support				
Contributions	$2,685,571	$ 466,483	$ -	$3,152,054
Government grants	2,868,971	-	-	2,868,971
In-kind contributions	776,598	-	-	776,598
Interest income	20	-	-	20
Investment income	5,936	(4,490)	-	1,446
Total support and revenue	6,337,096	461,993	-	6,799,089
Net assets released from restrictions	1,284,425	(1,284,425)	-	-
Total Support and Revenue less Releases	7,621,521	(822,432)	-	6,799,089
Expenses				
Program Expenses	5,647,134	-	-	5,647,134
Supporting Services				
Management and general	1,013,715	-	-	1,013,715
Fundraising	127,824	-	-	127,824
Total supporting service	1,141,539	-	-	1,141,539
Total Expenses	6,788,673	-	-	6,788,673
Change in Net Assets	832,848	(822,432)	-	10,416
Net Assets, beginning of year	2,200,971	1,378,772	49,000	3,628,743
Net Assets, end of year	$3,033,819	$ 556,340	$ 49,000	$3,639,159

See accompanying notes to the financial statements and independent auditors' report.

WINGS for kids
Statement of Functional Expenses
Year Ended June 30, 2016

	AmeriCorps	21st CCLC	Social Innovation Fund	Statement of Need	Afterschool Programs	Program Services	Management and General	Fundraising	Total
Functional Expenses									
Personnel	$ 650,573	$ 848,868	$ 161,805	$ 115,108	$ 739,337	$2,515,691	$ 610,060	$ 89,791	$ 3,215,542
Rent and utilities	-	-	-	-	701,047	701,047	54,427	-	755,474
Travel and transportation	27,087	82,437	13,732	358	114,462	238,076	18,061	4,695	260,832
Supplies	35,473	84,323	119	18,642	147,037	285,594	44,883	1,654	332,131
Snacks	13,792	176	-	4,194	62,912	81,074	-	-	81,074
Advertising and marketing	9,787	-	36,724	11,200	(240)	57,471	84,430	14,906	156,807
Training	25,815	15,584	4,882	748	22,386	69,415	11,991	1,390	82,796
Technology	233	80,707	17,441	1,516	47,734	147,631	42,548	1,080	191,259
Miscellaneous	20,569	12,620	9,066	2,193	407,127	451,575	72,650	10,758	534,983
Insurance	-	30,451	6,075	13,633	9,422	59,581	8,908	792	69,281
Meeting and conference	677	-	3,330	-	16,867	20,874	10,220	1,183	32,277
Telephone	-	4,161	-	780	12,341	17,282	9,773	1,575	28,630
Accounting	-	4,132	-	761	268	5,161	11,149	-	16,310
Program evaluation	2,199	23,918	177,167	-	668,112	871,396	-	-	871,396
Program fees	5,243	45,442	-	6,245	25,643	82,573	-	-	82,573
Expense management	-	4,643	2,521	652	376	8,192	15,794	-	23,986
Background checks	771	8,983	2,303	472	2,223	14,752	-	-	14,752
Retirement	4,400	162	3,422	472	961	9,417	13,172	-	22,589
Field trips	-	3,519	-	-	6,813	10,332	-	-	10,332
Depreciation	-	-	-	-	-	-	5,649	-	5,649
Total functional expenses	$ 796,619	$1,250,126	$ 438,587	$ 176,974	$2,984,828	$5,647,134	$ 1,013,715	$ 127,824	$ 6,788,673

See accompanying notes to the financial statements and independent auditors' report.

WINGS for kids
Statement of Cash Flows
Year Ended June 30, 2016

Cash flows from operating activities:	
Change in net assets	$ 10,416
Adjustments to reconcile change in net assets to net cash provided by operations:	
Depreciation	5,649
Net unrealized loss on investments	7,120
Change in:	
Unconditional promises to give (net)	323,102
Other receivables	(35,765)
Accounts payable	530,392
Accrued salaries and payroll taxes	28,563
Net cash provided by operating activities	869,477
Cash flows from investing activities:	
Purchase of investments	(2,630)
Net cash used in investing activities	(2,630)
Increase in cash	866,847
Cash and cash equivalents, beginning	2,710,166
Cash and cash equivalents, ending	$ 3,577,013
Supplemental Information:	
Interest paid	$ -

Note A – Nature of Operations and Summary of Significant Accounting Policies

Nature of Activities
WINGS for kids (the "Organization") was incorporated in June 1996 under the laws of South Carolina as a non-profit organization whose purpose is to teach kids how to behave well, make good decisions and build healthy relationships. The Organization does this by weaving a social and emotional curriculum into an after school program for elementary school kids living in poverty.

Basis of Accounting
The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles of the United States of America, and accordingly reflect all significant receivables, payables, and other liabilities. Under this basis, revenue is recognized when earned and expenditures are recognized when incurred.

Use of Estimates and Assumptions
The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Basis of Presentation
The Organization has adopted FASB ASC 958 "Financial Statements of Not for Profit Organizations". Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to the three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to explicit or implicit donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that the assets be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

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.

Reclassification
During the prior year, certain accounts were reclassified for comparative purposes to conform to the presentation in the current year financial statements.

Cash and Cash Equivalents
For purposes of the Statement of Cash Flows, WINGS for kids considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Promises to Give
Unconditional promises to give are recognized as revenue or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met, and the promises become unconditional. Unconditional promises to give due in subsequent years are reported at present value of their net realizable value, using risk free interest rates applicable to the years in which the promises are to be received. The Organization uses the allowance method to determine uncollectible promises to give when deemed necessary. The allowance is based on prior years' experience and management's analysis of specific accounts.

Other Receivables
Other receivables of $159,299 include various grant funds due as of June 30, 2016.

Investments
Investments in marketable securities with readily determinable fair values and all investments in debt and equity securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. The Organization transferred $49,000 to the Coastal Community Foundation, Inc. to be invested in perpetuity with the income available for annual distribution. The Foundation has ownership of the fund as well as variance power. The Organization recognizes its interest in the net assets at fair value since it is both the donor and recipient not-for-profit organization.

Property, Plant and Equipment
The Organization capitalizes all expenditures for property and equipment in excess of $5,000. Purchased property and equipment are carried at cost. Donated property and equipment are recorded at the approximate fair value at the date of donation. Improvements which materially add to the value of related assets or materially extend the useful life of property and equipment are capitalized. Other expenditures for maintenance and repairs are charged to operations in the year the costs are incurred.

Depreciation is provided for over the estimated service lives of the respective assets on the straight-line method. A summary of depreciable lives follows:

Furniture and equipment	3 - 10 years
Buildings and improvements	10 - 40 years

In-kind Contributions and Expenses
The Organization records various types of in-kind contributions which include donations of snacks, space, transportation and federal work study. These items are recorded at the estimated fair value. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses. The following are the in-kind contributions for the year ended June 30, 2016:

	2016
Snacks	$ 73,125
Transportation	33,507
Occupancy	663,632
Federal Work Study	6,334
Total In-Kind	$ 776,598

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

Income Tax Status
The Organization is a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes, unless income is generated from unrelated business activities. There is no unrelated business income for 2016. However, like all organizations, this Organization is subject to U.S. federal and state income tax examinations for 2012, 2013 and 2014 tax years. The Organization qualifies for the charitable contribution deduction under Section 170(b)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Advertising and Marketing Expenses
The Organization reports advertising and marketing costs as incurred. Advertising and marketing totaled $156,807 for the year ended June 30, 2016.

Note B – Promises to Give

Unconditional promises to give are due as follows:

Less than one year	$	319,519
More than one year		200,000
Total promises to give	$	519,519

Promises to give are stated net of an allowance for uncollectible promises to give of $3,964 at June 30, 2016.

Note C – Investments

Investments in marketable securities are measured at fair value in the statement of financial position. Investment income and realized and unrealized gains and losses on investments are included in the change in net assets. Investments consist of the following at June 30, 2016:

	Cost		Fair Value	
Coastal Community Foundation	$	69,645	$	85,821

Investment return is recognized as revenue in the period it is earned and gains and losses are recognized as changes in net assets in the accounting period in which they occur. Investment return is as follows for the year ended June 30, 2016:

Interest, dividends and net realized gains	$	9,763
Unrealized gains and losses		(7,451)
Investment fees		(866)
Total investment income	$	1,446

Note D – Fair Value of Financial Assets and Liabilities

The Organization has adopted the provisions of FASB ASC 820 *Fair Value Measurements and Disclosures* for its financial assets and liabilities and is required to provide additional disclosures. FASB ASC 820 clarifies that fair value 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. The Organization utilizes market data or assumptions that market participants would use in pricing the asset or liability. FASB ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

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

The Organization does not have any financial assets or liabilities measured at fair value on a recurring basis categorized as Level 3, and there were no transfers in or out of Level 3 during the year ended June 30, 2016.

There were no changes during the year ended June 30, 2016 to the Organization's valuation techniques used to measure asset and liability fair values on a recurring basis.

The following tables set forth by level within FASB ASC 820's fair value hierarchy, the Organization's financial assets and liabilities accounted for at fair value on a recurring basis as of June 30, 2016. As required by FASB ASC 820, 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 (Liabilities) at Fair Value		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets as of June 30, 2016:			
Investments	$ 85,821	$ -	$ -

Note E – Property and Equipment

Property and equipment consisted of the following at June 30, 2016:

Furniture and equipment	$	13,843
Leasehold improvements		13,684
Subtotal		27,527
Less: Accumulated depreciation		(26,372)
Property and equipment, net	$	1,155

Depreciation expense totaled $5,649 for the year ended June 30, 2016.

Note F – Line of Credit

The Organization has available a secured revolving line of credit for $500,000 with Wells Fargo. The line of credit will mature on July 5, 2017. Interest will accrue on the unpaid, outstanding principal balance at the greater of a floating rate equal to the prime rate plus 1.75% or the floor rate of 5.00% and a ceiling of 7.00%. The line of credit has an outstanding balance of $-0- at June 30, 2016.

Note G – Operating Lease

The Organization entered into a five year lease for approximately $1,550 per month for the use of its office space in Charleston, South Carolina in August 2011. The lease is renewable at the Organization's option for an additional five years. Under the terms of the lease, the Organization can cancel the lease with 120 days written notice.

In March 2014, the Organization entered into a new three year lease for approximately $1,300 per month for the use of office space in Atlanta, Georgia.

In April 2014, the Organization entered into a six year lease for approximately $2,100 per month for an additional office space in Charleston, South Carolina. Under the terms of the lease, the Organization can cancel the lease any time after 48 months with 6 months written notice.

In December 2015, the Organization entered into a three year lease for approximately $1,590 per month for an additional office space in Charlotte, North Carolina. The lease is renewable at the Organization's option for an additional three years.

The minimum lease commitments on these leases are as follows:

Year Ending		
June 30, 2017	$	62,840
June 30, 2018		49,120
June 30, 2019		40,454
June 30, 2020		31,538
June 30, 2021 and thereafter		24,344
Total	$	208,296

The total lease expense, including in-kind, for the year ended June 30, 2016 is **$**738,462**.**

Note H – Temporarily Restricted Net Assets

The Organization has recognized revenue related to contributions that are restricted as to purpose or the expiration of time. The following is a detail of the nature of the restrictions on temporarily restricted net assets at June 30, 2016:

Investment earnings on endowment	$	36,821
Promises to give		519,519
Total	$	556,340

Released from restrictions for the year ended June 30, 2016 is as follows:

Promises to give	$	789,584
Social Innovation Fund		494,841
Total	$	1,284,425

Note I – Permanently Restricted Net Assets

Permanently restricted net assets consist of funds transferred by the Organization into an Endowment with the Coastal Community Foundation, Inc. The total of these funds in 2016 was $49,000.

Note J – Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At June 30, 2016, the Organizations had $22,464 in excess of FDIC insured limits.

Note K – Commitments and Contingencies

Amounts received or receivable from grantor agencies in previous years are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, could become a liability of the Organization.

Note L – Compensated Absences

WINGS for kids' policy on compensated absences is as follows: Corporate staff, employed on a twelve-month (12) basis begin new employment with 10 days of paid time off (PTO), accrued annually and will receive an additional two days accrued per year of services. There will be a total annual accrual of 34 days annually. Maximum accrued PTO will not exceed 45 days. For program staff that do not meet the 12-month requirement, PTO is accrued up to 10 days during the contract year. Returning employees may carry over up to two days annually into the next contract year.

Accumulated vacation leave is recorded as an expense and a liability as benefits accrue to employees. The value of accumulated vacation leave is estimated to be $28,318 at June 30, 2016.

Note M – Subsequent Events

Management has evaluated subsequent events through September 27, 2016, the date which the financial statements were available to be issued.

Reporting Under *Government Auditing Standards*

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*

Independent Auditors' Report

To the Board of Directors
WINGS for kids
Charleston, South Carolina

We have audited 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, the financial statements of WINGS for kids, which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated September 27, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered WINGS for kids' 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 WINGS for kids' internal control. Accordingly, we do not express an opinion on the effectiveness of WINGS for kids' 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 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 WINGS for kids' financial statements are free from 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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McCay, Kiddy & Associates, LLC

Mount Pleasant, South Carolina
September 27, 2016

Reporting under *Uniform Guidance*

Report on Compliance for each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditors' Report

To the Board of Directors
WINGS for kids
Charleston, South Carolina

Report on Compliance for Each Major Federal Program

We have audited WINGS for kids' compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016. WINGS for kids' 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 WINGS for kids' 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 WINGS for kids' 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 WINGS for kids' compliance.

Opinion on Each Major Federal Program

In our opinion, WINGS for kids 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, 2016.

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Report on Internal Control over Compliance

Management of WINGS for kids 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 WINGS for kids' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 WINGS for kids' 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. A significant deficiency in internal control over compliance is a deficiency, or a 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 material weaknesses or significant deficiencies. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the financial statements of WINGS for kids as of and for the year ended June 30, 2016, and have issued our report thereon dated September 27, 2016, which contained an unmodified opinion on those financial statements. 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 awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

McCay, Kiddy & Associates, LLC

Mount Pleasant, South Carolina
September 27, 2016

WINGS for kids
Schedule of Expenditures of Federal Awards
Year ended June 30, 2016

Federal Grantor Pass-through Grantor Program Title	Federal *CFDA Number	Agency or Pass-through Number	Award Amount	Federal Expenditures
U. S. Department of Education				
South Carolina Department of Education				
Twenty-First Century Community Learning Centers	84.287	N/A	$ 476,756	$ 476,958
U. S. Department of Education				
Georgia Department of Education				
Twenty-First Century Community Learning Centers	84.287	N/A	981,627	858,368
U. S. Department of Education				
North Carolina Department of Public Instruction				
Twenty-First Century Community Learning Centers	84.287	N/A	288,387	261,627
Corporation for National & Community Service				
Commissions on National and Community Service				
AmeriCorps National	94.006	N/A	496,647	496,647
Corporation for National & Community Service				
Georgia Department of Community Affairs				
AmeriCorps State Commission	94.006	N/A	320,571	317,367
Department of Health and Human Services				
Office of Juvenile Justice and Delinquency Prevention				
State of Georgia Department of Human Services				
Temporary Assistance for Needy Families	93.558	N/A	200,000	196,974
U. S. Department of Education				
The University of Virginia				
Education Research, Development & Dissemination	84.305A	N/A	42,044	42,044
Total expenditures of federal awards				$ 2,649,985

*Catalog of Federal Domestic Assistance

See accompanying notes to the schedule of expenditures of federal awards and independent auditors' report.

Note A – Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards includes the Federal contracts and grant activity of WINGS for kids and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

WINGS for kids
Schedule of Findings and Questioned Costs
Year ended June 30, 2016

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiencies identified not considered to be material weakness?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness identified?	No
Significant deficiencies identified not considered to be material weakness?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	No

Programs tested as major programs include:

CFDA Number(s)	Name of Federal Program or Cluster
94.006	AmeriCorps

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV – Summary Schedule of Prior Year Findings

None