

HEAD START/EARLY HEAD START ANNUAL REPORT FY 2011-2012

Mountain Projects, Inc. Head Start (HS) received \$1,746,617 of federal funding to serve 200 children ages 3-5 years old. Early Head Start (EHS) received \$699,441 of federal funding to serve 40 pregnant women and children ages 0-3 years old. Both programs are operating in Haywood and Jackson Counties. These children were served in 16 classrooms in 6 centers. The Early Head Start grant was acquired in December of 2009, and funded as part of "The American Recovery Reinvestment Act of 2009" (ARRA) signed into law by President Obama on February 17, 2009. This was the third year of operating the Early Head Start program. The Early Head Start program became a part of the total Head Start program and now is one program serving birth to five years.

ENROLLMENT:

Head Start served a total of 219 children. Of these children, 206 (94%) were served as income eligible and 12 (5%) were served as over-income eligible. One (1%) child was served as receipt of public assistance. No Foster or Homeless children were served. Early Head Start served a total of 46 children. 45 (98%) EHS children were served as income eligible and 1 (2%) child was served as a Foster child. All Head Start/Early Head Start programs are allowed to serve a maximum of 10% over income children.

We maintained 100% of our funded enrollment of children (200 HS) and (40 EHS) on a monthly basis throughout the entire program year in both programs. Waiting lists of children were also maintained in both programs throughout the year.

HEALTH/DISABILITY SERVICES:

All HS children received health and dental screenings. 47 (21%) HS children were referred for medical treatment. 46 (98%) of those children received treatment. The remaining child's appointment date was after the PIR (Program Information Report) was completed. 65 (30%) HS children were referred for dental treatment. 65 (100%) of those children received treatment. Most of the children's dental treatment was provided through Medicaid or private insurance.

30 (14%) HS parents consulted with a Mental Health professional. 29 (13%) HS children were referred for mental health services. 25 (86%) of those children received treatment. The remaining 4 children were enrolled less than 45 days. HS funding provided a total of \$4,500 for mental health services. A total of \$575 was spent for these services.

34 (16%) HS children received special education services during the year. 15 (44%) of these children were determined eligible prior to enrollment in the program. The other 19 (56%) were placed during the program year.

13 (38%) children were placed as having Speech/Language disorders, 21 (62%) children were placed as having non-categorical/developmental delays.

100% of the EHS children were up to date on preventive and primary health care. 100% of the EHS children received dental exams. 13 (28%) EHS children were referred for needed medical treatment. 13 (100%) of those children received treatment.

14 (30%) EHS children received early intervention services during the year. 9 (64%) EHS children were determined eligible to receive early intervention services prior to enrollment into the program. The other 5 (36%) EHS children were placed during the program year.

2 (4%) EHS parents consulted with a Mental Health professional. 2 (4%) EHS children were referred for mental health services. 2 (100%) of those children received mental health services. EHS funding provided a total of \$2,000 for mental health services. A total of \$537.00 was spent for these services.

TRANSPORTATION SERVICES:

No transportation services were provided this program year.

WRAP-AROUND SERVICES:

22 HS and 8 EHS children received state subsidy money for wrap – around hours during the school year. Summer care was also provided for 5 HS children at the Kneedler Center through state subsidy money.

PREPARING CHILDREN FOR KINDERGARTEN:

70 HS children in Haywood County and 34 HS children in Jackson County graduated in May 2012. Activities for children transitioning to Kindergarten in the fall include: the Head Start Education Coordinator working with the Head Start teaching staff to complete individual child portfolios to be sent to each child's prospective school. Public school visit dates are posted at the Head Start centers for parents and their child to visit their new school classroom and meet the kindergarten teachers. Final IEP transition meetings are held with local LEA's for children with special needs at the elementary school each child will be attending in May.

Mountain Projects, Inc. Head Start uses the Creative Curriculum in all classrooms. Our ongoing assessment tool is Teaching Strategies GOLD. . This tool assesses children throughout the program year in the areas of Language Development, Literacy, Mathematics, Science, Creative Arts, Social/Emotional Development, Approaches to Learning, and Physical & Health Development.

The 2011-2012 Child Outcomes Report

Head Start mandates that each program have an ongoing assessment tool to assess children throughout the program year in Physical Development & Health, Social Emotional Development, Creative Arts Expression, Approaches to Learning, Language Development, Literacy Knowledge & Skill, Logic and Reasoning, Mathematics Knowledge & Skills, Science Knowledge & Skills, Social Studies Knowledge & Skills and English Language Acquisition.

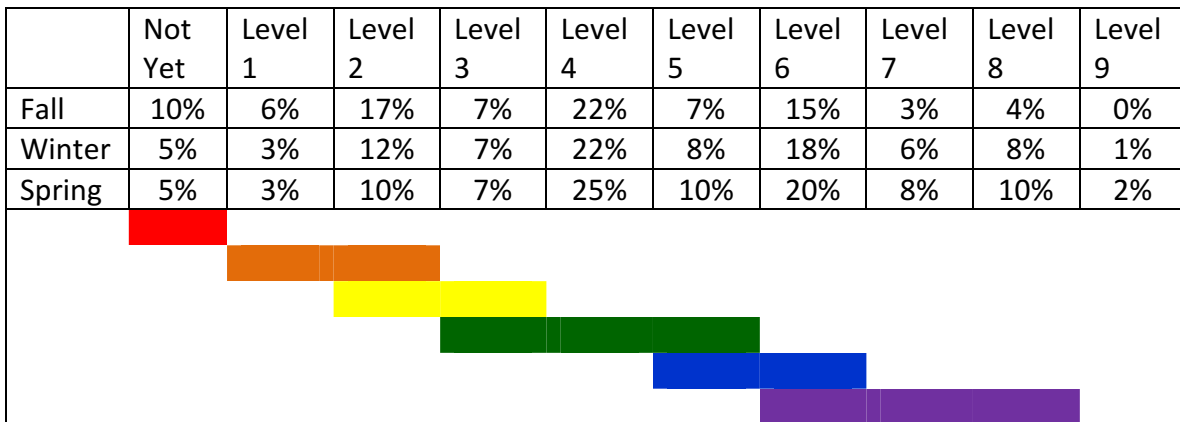
Our ongoing assessment tool is Teaching Strategies GOLD. The continuum is divided into nine areas with 30 objectives: Social/Emotional, Physical, Literacy, Mathematics, Language, Cognitive, Literacy, Science & Technology, Social Studies, and English Language Acquisition.

The assessment process is the same for all children enrolled in Mountain Projects, Inc., Head Start program. By using the same widely held developmental and learning expectations for all children, the developmental assessment helps teachers encourage every child to reach his or her full potential. In addition, the assessment process enables teachers to identify learning and developmental lags and gaps in order to provide appropriate interventions and learning experiences. Each assessment is divided into nine skill level areas from birth to age 5 years.

Teaching Strategies – GOLD ongoing assessment illustrates the predictable sequence of development and learning of most young children. To ensure that all children – including children with special needs – are making progress; teachers recognize the many emergent skills that precede the development of typical skills from birth through kindergarten. The progressions serve as a guide to determine how all children are progressing in the seven areas of development and learning, while acknowledging that children show what they know in different ways. The progressions emphasize that all children have knowledge, skills, and behaviors upon which to build.

A complete copy of the Progress and Outcomes Report will be available to review at Mountain Projects office in Waynesville or at the administrative Head Start office.

Overall progress shows that our Head Start children improved in the program year 2011-2012. The graph below shows the percentages throughout the year.



PROGRESSION OF DEVELOPMENT

Birth to One year
1 to 2 years
2 to 3 years
3 to 4 years
4 to 5 years
Kindergarten

PARENT INVOLVEMENT ACTIVITIES:

Program Governance: All Policy Council members are voted in for the new program year in September. They received orientation training during October and November. As part of shared governance between the Head Start/Early Head Start Policy Council and The Board of Mountain Projects, the Policy Council Chairperson is also a Mountain Projects Board Member. Also, the Policy Council and Board Members attend a “Shared Governance Roles and Responsibilities” training. These trainings were held on November 8, 2012. We had a total of 7 Policy Council representatives and 13 Board representatives. Also, many of the Policy Council parents were involved in the Annual Self-Assessment process.

Several of our centers offered parent requested trainings including: Second Step, a three-step violence prevention program, CPR/First Aid, Transition to Kindergarten, and How to Better Budget.

All of our parents spent hours completing home activities with their child/children on a weekly basis. These home activities followed educational activities being taught in the child’s classroom. A total of 454 volunteers spent 18,713 hours in the classrooms. 238 of the volunteers were parents.

BUDGET INFORMATION:

REVENUE:

Head Start Federal Funding: \$1,746,617

Early Head Start ARRA Federal Funding: \$699,441

USDA Federal Reimbursement for HS/EHS meals: \$183,751

NC Pre-K State Funding: \$ 127,600

Subsidy (Wrap-Around services): \$43,567

TOTAL REVENUE: \$2,800,976

IN-KIND:

Head Start: \$ 436,654

Early Head Start: \$174,860

TOTAL IN-KIND: \$611,514

TOTAL OPERATING REVENUE: \$ 3,412,490

BUDGET EXPEDITURES:

Personnel Expenses	\$1,603,756
Program Supplies	\$42,001
Occupancy	\$106,992
Insur./bonding	\$17,079
Telephone/Internet	\$21,231
Utilities	\$29,044
Indirect Cost	\$199,193
Food Cost	\$59,029
Contract services	\$41,575
Staff Development	\$20,417
In-Kind	\$443,683
Parent Activities	\$2,013

UNOBLIGATED BALANCE:

Head Start/Early Head Start: \$189,359

An independent audit was conducted and completed in October through December, 2012 for the 2011-2012 Fiscal Year. Included in this report is a copy of the compliance and auditor's report letter.

RESULTS OF MOST RECENT FEDERAL REVIEW

A Federal Review was conducted in October, 2011 for the Mountain Projects Early Head Start and Head Start Programs. The Early Head Start Program was 100% compliant with all Head Start Performance Standards, laws, regulations, and policy requirements. The Head Start Program had two areas of non-compliance. A corrective action plan was written and submitted to the Office of Head Start for review and approval. We received a letter stating the corrective action plan submitted was approved. Our next Federal Review will be in the 2013-2014 program year.

November 30, 2012

To the Board of Directors
Mountain Projects, Inc.
Waynesville, North Carolina

We have audited the financial statements of Mountain Projects, Inc. (the Organization) for the year ended June 30, 2012, and have issued our report thereon dated November 30, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our letter dated May 14, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Mountain Projects, Inc. are described in Note B to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2012. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was estimating the useful lives of fixed assets.

Management's estimate of the useful lives of property and equipment is based on historical lives of similar assets. We evaluated the key factors and assumptions used to develop the estimate of useful lives of property and equipment in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements is Commitments and Contingencies and is detailed in the footnotes to the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 30, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

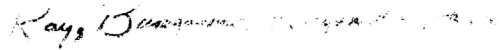
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of Board of Directors of Mountain Projects, Inc. and management of Mountain Projects, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Ray, Bumgarner, Kingshill & Assoc., P.A.