

FINANCIAL STATEMENT AUDIT REPORT OF
SAMPSON COUNTY PARTNERSHIP FOR CHILDREN, INC
CLINTON, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

BOARD OF DIRECTORS
JUDI NICHOLSON, BOARD CHAIR

ADMINISTRATIVE OFFICER
VICTORIA BYRD, EXECUTIVE DIRECTOR

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Independent Auditor's Report

To the Board of Directors
Sampson County Partnership for Children, Inc.
Clinton, North Carolina

Report on Financial Statements

We have audited the accompanying financial statements of the Sampson County Partnership for Children, Inc., which comprise the Statement of Receipts, Expenditures, and Net Assets — Modified Cash Basis as of and for the year ended June 30, 2018, the related Statement of Functional Expenditures — Modified Cash Basis for the year then ended, and the related notes to the financial statements.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the Sampson County Partnership for Children, Inc. as of June 30, 2018, and the results of its operations for the year then ended, in accordance with the basis of accounting as described in Note 1.

Other Matters

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Report on Supplementary Information

Schedule 4 on page 14 is not a required part of the basic financial statements but is supplementary information required by the North Carolina Office of the State Auditor. In accordance with auditing standards generally accepted in the United States of America, we have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion or provide any assurance on Schedule 4.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedules 1, 2, and 3, which are the responsibility of management, are presented for purposes of additional analysis and are 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, that information 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 February 14, 2019, on our consideration of the Sampson County Partnership for Children, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, 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 the Sampson County Partnership for Children, Inc.'s internal control over financial reporting and compliance.

Elliott Davis P.C.C.

Raleigh, North Carolina
February 14, 2019

Sampson County Partnership for Children, Inc
Statement of Receipts, Expenditures, and Net Assets - Modified Cash Basis
For the year ended June 30, 2018

Exhibit A

	Unrestricted Funds		Temporarily	Total
	Smart Start Funds	Other Funds	Restricted Funds	
Receipts:				
State Awards and Contracts	\$ 1,026,743	\$ 1,561,407	\$ 12,738	\$ 2,600,888
Federal Awards	-	43,083	-	43,083
Private Contributions	-	2,091	2,030	4,121
Interest and Investment Earnings	-	31	-	31
Sales Tax Refunds	-	5,320	-	5,320
Other Receipts	-	172,567	-	172,567
Total Receipts	<u>1,026,743</u>	<u>1,784,499</u>	<u>14,768</u>	<u>2,826,010</u>
Net Assets Released from Restrictions				
Satisfaction of Program Restrictions	-	1,876	(1,876)	-
	<u>1,026,743</u>	<u>1,786,375</u>	<u>12,892</u>	<u>2,826,010</u>
Expenditures:				
Programs:				
Child Care and Education Affordability	338,510	162	-	338,672
Child Care and Education Quality	136,298	19,353	-	155,651
Family Support	247,233	16,214	-	263,447
NC Pre-K	180,350	1,647,712	-	1,828,062
Support:				
Management and General	93,125	14,022	-	107,147
Program Coordination and Evaluation	31,227	-	-	31,227
Other:				
Sales Tax Paid	-	5,360	-	5,360
Total Expenditures	<u>1,026,743</u>	<u>1,702,823</u>	<u>-</u>	<u>2,729,566</u>
Excess/Deficiency of Receipts Over Expenditure	-	83,552	12,892	96,444
Net Assets at Beginning of Year	-	145,502	3,574	149,076
Net Assets at End of Year	<u>\$ -</u>	<u>\$ 229,054</u>	<u>\$ 16,466</u>	<u>\$ 245,520</u>
Net Assets Consisted of:				
Cash and Cash Equivalents	\$ -	\$ 230,573	\$ 16,466	247,039
	-	230,573	16,466	247,039
Funds Held for Others	-	1,519	-	1,519
Total Net Assets	<u>\$ -</u>	<u>\$ 229,054</u>	<u>\$ 16,466</u>	<u>\$ 245,520</u>

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

Sampson County Partnership for Children, Inc
Statement of Functional Expenditures - Modified Cash Basis
For the year ended June 30, 2018

Exhibit B

	Total	Personnel	Contracted Services	Supplies and Materials	Other Operating Expenditures	Fixed Charges and Other Expenditures	Property and Equipment Outlay	Services/Contracts/Grants
Smart Start Funds:								
Programs:								
Child Care and Education Affordability	\$ 338,510	\$ 117,342	\$ 5,039	\$ 157	\$ 4,875	\$ 2,040	\$ -	\$ 209,057
Child Care and Education Quality	136,298	63,822	7,705	26,611	11,976	23,051	1,376	1,757
Family Support	247,233	187,491	8,741	2,251	20,856	25,118	1,376	1,400
NC Pre-K	180,350	-	-	-	-	-	-	180,350
Support:	902,391	368,655	21,485	29,019	37,707	50,209	2,752	392,564
Management and General	93,125	49,328	20,654	1,222	6,576	15,345	-	-
Program Coordination and Evaluation	31,227	18,496	12,328	46	126	231	-	-
Total Smart Start Fund Expenditures	<u>1,026,743</u>	<u>\$ 436,479</u>	<u>\$ 54,467</u>	<u>30,287</u>	<u>\$ 44,409</u>	<u>\$ 65,785</u>	<u>\$ 2,752</u>	<u>\$ 392,564</u>
Other Funds:								
Programs:								
Child Care and Education Affordability	\$ 162	\$ 162	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Child Care and Education Quality	19,353	18,854	160	262	77	-	-	-
Family Support	16,214	779	6,006	106	6,831	-	-	2,492
NC Pre-K	1,647,712	101,732	17,610	31,243	15,196	19,862	-	1,462,069
Support:	1,683,441	121,527	23,776	31,611	22,104	19,862	-	1,464,561
Management and General	14,022	(726)	8,695	439	5,149	465	-	-
Other:	14,022	(726)	8,695	439	5,149	465	-	-
Sales Tax Paid	5,360	-	-	5,360	-	-	-	-
Total Other Funds Expenditures	<u>5,360</u>	<u>-</u>	<u>-</u>	<u>5,360</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Funds Expenditures	<u>\$ 1,702,823</u>	<u>\$ 120,801</u>	<u>\$ 32,471</u>	<u>\$ 37,410</u>	<u>\$ 27,253</u>	<u>\$ 20,327</u>	<u>\$ -</u>	<u>\$ 1,464,561</u>

The accompanying notes are an integral part of the Financial Statements.

SAMPSON COUNTY PARTNERSHIP FOR CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Organization and purpose - The Sampson County Partnership for Children (Sampson Partnership) is a legally separate nonprofit organization incorporated on March 25, 1998. The Sampson Partnership was established to develop and provide, through public and private means, early childhood education and developmental services for children and families. The Sampson Partnership is tax-exempt as an organization described in Section 501(c)(3) of the Internal Revenue Code.

B. Basis of presentation - The accompanying financial statements present all funds for which the Sampson Partnership's Board of Directors is responsible. Pursuant to the provisions of Financial Accounting Standards Board's Accounting Standard for Not-For-Profit Entities, the accompanying financial statements present information according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by this Standard, temporarily restricted contributions received and expended in the same year are reported as unrestricted receipts rather than as temporarily restricted receipts.

Contributions that are temporarily restricted and not expended within the year received are reported as an increase in temporarily restricted net assets. When the 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 Receipts, Expenditures, and Net Assets as net assets released from restrictions.

The Sampson Partnership did not have permanently restricted net assets at June 30, 2018.

C. Basis of accounting - The accompanying financial statements were prepared on the modified cash basis of accounting. This basis differs from accounting principles generally accepted in the United States of America primarily because it recognizes long lived assets and other costs which benefit more than one period as expended in the year purchased; it recognizes revenue when received rather than when earned; and it recognizes expenditures when paid rather than when incurred.

However, unexpended advances to contractors that revert back to the State of North Carolina are recognized as a reduction to expenditures and an increase to net assets. In addition, amounts withheld from employee paychecks or other amounts received in an agency capacity are recorded as funds held for others. Additionally, Smart Start funds advanced to the Local Partnership that are unexpended and unearned at year end are recorded as funds Due to the State.

D. Cash and cash equivalents - This classification appears on the Statement of Receipts, Expenditures, and Net Assets - Modified Cash Basis and includes all demand and savings accounts and certificates of deposit and other short-term investments with an original maturity of three months or less.

**SAMPSON COUNTY PARTNERSHIP FOR CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- E. Funds held for others** - Funds Held for Others includes amounts for the year ended June 30, 2018, in which Sampson Partnership was holding amounts withheld from employee paychecks.
- F. Property and equipment** - Under the modified cash basis of accounting, purchases of property and equipment are reported as expenditures in the year incurred. However, Sampson Partnership is required by contract regulation to track and maintain property and equipment items as presented in Schedule 3 of this report. The Sampson Partnership has a policy to track purchases of property and equipment items with an individual cost of \$500 or more and an estimated useful life greater than one year. Such items are valued at their original purchase price, which may be different from their valuation as of June 30, 2018. Donated items are recorded on the property and equipment log at estimated acquisition value at the date of donation, which is defined as the price that would be paid to acquire an asset with equivalent service capacity in an orderly market transaction at the acquisition date.
- G. Compensated absences** - As a result of the use of the modified cash basis of accounting, liabilities related to accrued compensated absences are not recorded in the financial statements. Expenditures related to compensated absences are recorded when paid. The amount of accrued compensated absences for accumulated, unpaid leave that would be due to employees upon termination is reported as a commitment in Note 9.
- H. Use of estimates** - The preparation of financial statements in conformity with the modified cash basis of accounting used by the Sampson Partnership requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as allocation of joint costs); accordingly, actual results could differ from those estimates. It is management's belief that these estimates are reasonable and fair.
- I. Qualifying match and contributions in-kind** - Sampson Partnership, in accordance with applicable Smart Start legislation, reports qualifying match provided at both the Partnership and the contractor level; the qualifying match is reported in supplemental Schedule 4. The match includes cash received and expended at the Partnership level, which is included in the modified cash basis financial statements. The qualifying match reported on Schedule 4 for cash provided at the contractor level and for in-kind goods and services at both the Partnership and contractor levels is not recorded in the modified cash basis financial statements. In-kind contributions could be donated equipment, supplies, office space, or services. Sampson Partnership also benefits from donor volunteer hours which do not require specific expertise but which are nonetheless central to Sampson Partnership's operations. See supplemental Schedule 4 for more information on contributions in-kind.

NOTE 2 - DEPOSITS

All funds of the Sampson Partnership are deposited with BB&T and insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

Deposits over insured amounts subjects the Sampson Partnership to a concentration of credit risk. At June 30, 2018, the Sampson Partnership's bank deposits in excess of the FDIC insured limit was \$38,229.

SAMPSON COUNTY PARTNERSHIP FOR CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 - FUNDING FROM GRANT AWARDS AND CONTRACTS

Smart start program - The Sampson Partnership's major source of revenue and support is from the State of North Carolina based on cost-reimbursement contracts with The North Carolina Partnership for Children, Inc. (NCPC) for the Smart Start program. A significant reduction in the level of funding from the State could have an adverse effect on the operations of the Sampson Partnership and represents a concentration of credit risk as to the generation of revenue.

The Sampson Partnership was awarded and has received \$1,026,873 under a current year Smart Start contract with NCPC. The unexpended balance of this contract is subject to reversion to the State. The Sampson partnership has expended all awarded funds and therefore has returned none of this contract to the State based on financial status reports submitted to NCPC subsequent to June 30, 2018. During the year the Sampson partnership did return \$130 of a prior year award to the State.

The Sampson Partnership expects to receive continued funding through new Smart Start contracts with the State.

NC Pre-K - The Sampson Partnership also received revenue and support from the State of North Carolina for the NC Pre-K program. The Sampson Partnership was awarded \$1,548,771 and received \$1,548,771 under a current year financial assistance contract.

The Sampson Partnership expects expect to receive continued funding through new NC Pre-K contracts with the State.

Southeastern CC CCR&R Region 4 Grant - The Sampson Partnership also received revenue and support through the Southeastern Community College. The Sampson Partnership was awarded and received \$11,667, and expensed \$11,667.

The Sampson Partnership expects to receive continued funding for CCR&R Region 4 contract with Southeastern Community College.

Dolly Parton Imagination Library Expansion - The Sampson Partnership also received revenue from the Dolly Parton Imagination Library (DPIL). The Sampson Partnership was awarded and received \$25,387, and expensed \$12,649.

The Sampson Partnership expects to receive continued funding through new DPIL contracts with the State.

Child Care and Development Fund - The Sampson Partnership also received revenue from and support from the State of North Carolina on a cost-reimbursement contract with DHHS for Child Care and Development Fund. The Sampson Partnership was awarded, received and expensed \$31,416 under a current year cost-reimbursement contract.

The Sampson Partnership expects to receive continued funding through new Child Care and Development Fund contracts with the State

**SAMPSON COUNTY PARTNERSHIP FOR CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4 - RELATED PARTY TRANSACTIONS

Service provider contracts with board member organizations - The board members of the Sampson Partnership are representative of various organizations that benefit from actions taken by the Board. It is the policy of the Sampson Partnership that board members not be involved with decisions regarding organizations they represent. During the year, the Sampson Partnership entered into contracts with board member organizations for program activities as identified on Schedule 1 accompanying the financial statements.

NOTE 5 - FUNCTIONAL EXPENDITURES

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Receipts, Expenditures, and Net Assets - Modified Cash Basis. Also, the Statement of Functional Expenditures - Modified Cash Basis, provides detail of the functional costs by their natural classification. Following are the services associated with the functional categories presented in the accompanying financial statements and the methods utilized to allocate joint cost:

A. Program functions

Child Care and Education Affordability - Used to account for service activities including State subsidy contract and administration (Division of Child Development and Early Education) [DCDEE], Head Start wraparound/extended day, dual subsidy and dual subsidy administration, subsidy supplements for quality, Head Start classrooms and coordination, child care transportation for subsidized children, part-day subsidy programs, subsidy preschool classes and public pre-K subsidy.

Child Care and Education Quality - Used to account for service activities including quality enhancement and maintenance, child care resource and referral, and professional development and supplements.

Family Support - Used to account for service activities including or associated with Parents as Teachers, ongoing parenting education, transportation services, community outreach information and resources, home visiting or family support needs and resources assessments.

NC Pre-K - Used to account for development and implementation of NC Pre-K prekindergarten program for four-year-olds. The goal is to provide quality prekindergarten services in order to enhance kindergarten readiness.

B. Support functions

Management and General - Expenditures that are not identifiable with a single program or fund-raising activity but are indispensable to the conduct of those activities and to an organization's existence, including expenditures for the overall direction of the organization, its general board activities, business management, general recordkeeping, budgeting, and related purposes.

**SAMPSON COUNTY PARTNERSHIP FOR CHILDREN
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

NOTE 5 - FUNCTIONAL EXPENDITURES, CONTINUED

Program Coordination and Evaluation - Expenditures that are incurred to coordinate the policies, procedures, daily practices, and evaluation of service delivery. Also, costs associated with providing technical assistance, monitoring and reporting of in-house and direct service provider activities as to the delivery of services and adherence to the specific terms and conditions of the contracts.

C. Allocation of joint costs

Expenditures benefiting more than one purpose were allocated as follows:

Salaries and Benefits - Direct allocation based on employee time reports.

Other Costs - Other costs including occupancy cost (rent, utilities and maintenance), supplies and materials, and communication costs (telephone and printing) were indirectly allocated based utilization data .

NOTE 6 - OPERATING LEASE OBLIGATIONS

Future minimum lease payments under non-cancelable operating leases consist of the following at June 30, 2018:

<u>Fiscal Year</u>	<u>Operating Leases</u>
2019	\$ 78,000
2020	78,000
2021	78,000
2022	78,000
2023 and beyond (5 year increments)	<u>78,000</u>
Total minimum lease payments	<u>\$ 390,000</u>

Rental expense for all operating leases during the year was \$78,000.

NOTE 7 - PENSION PLAN

Retirement plans - The Sampson Partnership has a Simplified Employee Pension plan (SEP Plan) covering all full-time employees. Each full-time employee of the Sampson Partnership, as a condition of employment, is provided an Individual Retirement Account through an outside insurance company. The Sampson Partnership contributed 10% of gross wages for the year ended June 30, 2018. The Sampson Partnership does not own the accounts nor is liable for any other cost other than the required contribution. The Sampson Partnership contributed \$53,932 for pension benefits during the year.

SAMPSON COUNTY PARTNERSHIP FOR CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 - RISK MANAGEMENT

The Sampson Partnership is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The Sampson Partnership manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
Torts, errors and omissions, health and life	Purchased commercial insurance	None
Workers Compensation -- employee injuries	Purchased commercial insurance	None
Physical property loss and natural disasters	Purchased commercial insurance	None

Management believes such coverage is sufficient to preclude any significant losses to the Sampson Partnership for Children. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Compensated absences - As a result of the Sampson Partnership's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation only; sick leave does not vest) and any employer-related costs earned and unpaid, are not reflected in the financial statements. The compensated absences commitment for vacation leave at June 30, 2018, is \$7,174. No funds or reservation of net assets has been made for this commitment.

NOTE 10 - RESTRICTIONS ON NET ASSETS

- A. Temporarily restricted net assets** - Temporarily restricted net assets at June 30, 2018 are available for the following purposes:

<u>Purpose</u>	<u>Amount</u>
Dolly Parton Imagination Library Literacy Enhancement	\$ 12,738
Buckle Up Car Safety Program	3,668
Dolly Parton Imagination Library Donations	60
	<u>\$ 16,466</u>

SAMPSON COUNTY PARTNERSHIP FOR CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 - RESTRICTIONS ON NET ASSETS, CONTINUED

B. Net assets released from donor restrictions - Net assets were released from donor restrictions during the fiscal year ended June 30, 2018, by incurring expenditures satisfying the restricted purposes as follows:

<u>Purpose</u>	<u>Amount</u>
Buckle-Up Car Safety Program	\$ 1,876
	<u>\$ 1,876</u>

NOTE 11 - INCOME TAXES

The Sampson Partnership is exempt from payment of income taxes under the provision of Section 501(c)(3) of the Internal Revenue Code, except to the extent of taxes on any unrelated business income.

FASB ASC 740 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FASB ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing financial statements to determine whether the tax positions are “more-likely-than-not” to be sustained by the applicable tax authority.

The Sampson Partnership does not believe there are any unrecognized tax benefits or costs as of June 30, 2018.

NOTE 12 - SUBSEQUENT EVENTS

The Sampson Partnership has evaluated events and transactions that occurred between June 30, 2018 and February 14, 2019, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. Events or transactions that provided evidence about conditions that did not exist at June 30, 2018 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2018.

Sampson County Partnership for Children, Inc
Schedule of Contract and Grant Expenditures - Modified Cash Basis
For the year ended June 30, 2018

Schedule 1

	Smart Start Funds		Other Funds	
	Amount Advance	Refund Due	Amount Advanced	Refund Due
Organizations:				
Gifted Tots Day Care	\$ 1,008	\$ -	\$ -	\$ -
Sunny Day Child Care	1,508	-	-	-
Debbie's Day Care	2,876	-	-	-
Simply Sweet Childcare	3,146	-	-	-
On Your Marks, Inc	7,276	-	-	-
Newkirk's Child Care Ctr, Inc	14,095	-	-	-
Classy Kidz Child Care Ctr Inc	15,054	-	-	-
Cason's Community Day Care	24,219	-	-	-
Tom Thumb Academy, Inc	27,242	-	58,500	-
Fun Time Academy, Inc.	28,848	-	-	-
Clinton City Schools *	52,350	-	399,091	-
Faith Academy, Inc	64,748	-	-	-
Sampson County Schools *	126,818	-	902,984	-
Telamon Corporation	-	-	101,100	-
	<u>369,188</u>	<u>-</u>	<u>1,461,675</u>	<u>-</u>
Individuals:				
DPIL	1,400	-	-	-
CCR&R	1,757	-	-	-
NC Prek-admin	-	-	394	-
Parents as teacheres	-	-	615	-
Sampson County Scholarship Program	20,219	-	-	-
Family support	-	-	1,877	-
	<u>23,376</u>	<u>-</u>	<u>2,886</u>	<u>-</u>
	<u>\$ 392,564</u>	<u>\$ -</u>	<u>\$ 1,464,561</u>	<u>\$ -</u>

* These organizations are represented on the Partnership's Board as described in Note 4 - Service Provider Contracts with Board Member Organizations.

Sampson County Partnership for Children, Inc
Schedule of Federal and State Awards - Modified Cash Basis
For the year ended June 30, 2018

Schedule 2

Federal/State Grantor/Pass-through Grantor/Program	Federal CFDA Number	Contract #	Receipts	Expenditures
Federal Awards:				
United States Department of Health and Human Services Pass-through from the North Carolina Department of Health and Human Services - Division of Child Development and Early Education Child Care & Development Block Grant Pass through from Child Care Services Association, Inc. Pass through from Martin Pitt Partnership for Children Child Care Resource and Referral Southeastern CC CCR&R Region 4 (Current Year)	93.575	3543-004-03	\$ 11,667	\$ 11,667
United States Department of Health and Human Services Pass-through from the North Carolina Department of Health and Human Services - Division of Child Development and Early Education Child Care & Development Fund (NC Pre-K) (Current Year)	93.575	34969-Amend 1	31,416	31,416
Total Federal Awards			<u>43,083</u>	<u>43,083</u>
State Awards:				
North Carolina Department of Health and Human Services Division of Child Development and Early Education Pass-through from The North Carolina Partnership for Children, Inc. Early Childhood Initiatives Program (Prior Year)		NCPC	(130)	(130)
Early Childhood Initiatives Program (Current Year)		* NCPC	1,026,873	1,026,873
Dolly Parton Imaginary Library Expansion (Current Year)			25,387	12,649
North Carolina Department of Health and Human Services Division of Child Development and Early Education NC Pre-K (Prior Year)			(13)	(13)
NC Pre-K (Current Year)		* 34969	1,548,771	1,548,771
Total State Awards			2,600,888	2,588,150
Total Federal and State awards			<u>\$ 2,643,971</u>	<u>\$ 2,631,233</u>

* Programs with compliance requirements that have a direct and material effect on the financial statements.

Sampson County Partnership for Children, Inc
Schedule of Property and Equipment - Modified Cash Basis
For the year ended June 30, 2018

Schedule 3

Furniture and noncomputer equipment	\$ 129,020
Computer equipment/printers	50,013
Total property and equipment	<u>\$ 179,033</u>

Note: The information on this schedule provides a summary of property and equipment with acquisition or donated cost of \$500 or more which were held by the Partnership at year end. The valuations represent historical cost. On the modified cash basis of accounting, these items are expensed in the year of purchase.

Sampson County Partnership for Children, Inc
Schedule of Qualifying Match (Non-GAAP)
For the year ended June 30, 2018

Schedule 4

Match provided at the partnership level:

Cash	\$ 53,365
In-kind goods and services	182,724
	<u>\$ 236,089</u>

Note: This schedule is presented in accordance with the program match requirement as provided for by North Carolina Session Law 2017-57, Section 11B.8.(d). The match is comprised of both cash and in-kind amounts. Only in-kind contributions that are verifiable, quantifiable, and related to the Smart Start Program can be applied to the in-kind match requirement, including volunteer services. The law allows for volunteer services to be valued for match purposes, a concept that deviates from generally accepted accounting principles. This schedule identifies those amounts allowable for this partnership in meeting the statewide match requirement.

The amounts shown above as allowable for this partnership in meeting its match requirement do not include allowable amounts included in the North Carolina Families Accessing Services through Technology (NCFAST) system, as this information is currently available only on a State level for FYE 30 Jun 18. For FYE 30 Jun 18 Smart Start met the legislative statewide match requirement and will be waiving penalties for local partnerships that do not meet their match requirement for FYE 30 Jun 18.



Independent Auditor's Report on Internal Control Over Financial Reporting
And on Compliance and Other Matters Based on an Audit
Of Financial Statements Performed in Accordance with
Government Auditing Standards

Board of Directors
Sampson County Partnership for Children, Inc.
Clinton, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the Sampson County Partnership for Children, Inc., as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Sampson County Partnership for Children, Inc.'s basic financial statements, and have issued our report thereon dated February 14, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Sampson County Partnership for Children, Inc.'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sampson County Partnership for Children Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Sampson County Partnership for Children Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sampson County Partnership for 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*.

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.

A handwritten signature in cursive script that reads "Elliott Davis" followed by a small mark that appears to be "PCC".

Raleigh, North Carolina
February 14, 2019