

FINANCIAL STATEMENT AUDIT REPORT OF  
SAMPSON COUNTY PARTNERSHIP FOR CHILDREN  
CLINTON, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2020

BOARD OF DIRECTORS  
CLIFF IRELAND, BOARD CHAIR

ADMINISTRATIVE OFFICER  
VICTORIA BYRD, EXECUTIVE DIRECTOR

Sampson County Partnership for Children

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Independent Auditor's Report

To Board Members of  
Sampson County Partnership for Children  
Clinton, North Carolina

Report on Financial Statements

We have audited the accompanying financial statements of Sampson County Partnership for Children, which comprise the Statement of Receipts, Expenditures, and Net Assets - Modified Cash Basis as of and for the year ended June 30, 2020, and the related Statement of Functional Expenditures - Modified Cash Basis 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 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 Statement of Receipts, Expenditures and Net Assets of the Sampson County Partnership for Children, as of and for the year ended June 30, 2020, and the Statement of Functional Expenditures for the year then ended in accordance with the modified cash 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 the 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 21 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 of Sampson County Partnership for Children. The accompanying supplementary Schedules 1, 2, and 3 are also 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 the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in United States of America. In our opinion, the 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 December 10, 2020, on our consideration of Sampson County Partnership for Children'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 solely 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 effectiveness of Sampson County Partnership for Children's 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 Sampson County Partnership for Children's internal control over financial reporting and compliance.

*CohnReznick LLP*

Charlotte, North Carolina  
December 10, 2020

**Sampson County Partnership for Children**  
**Statement of Receipts, Expenditures, and Net Assets - Modified Cash Basis**  
**For the Year Ended June 30, 2020**

**Exhibit A**

	Without Donor Restrictions	With Donor Restrictions	Total Funds
<b>Receipts:</b>			
State Awards and Contracts	\$ 1,467,040	\$ 12,000	\$ 1,479,040
Federal Awards	1,232,244	-	1,232,244
Private Contributions	512	1,317	1,829
Interest and Investment Earnings	22	-	22
Sales Tax Refunds	5,142	-	5,142
Other Receipts	210,830	30,715	241,545
<b>Total Receipts</b>	<b>2,915,790</b>	<b>44,032</b>	<b>2,959,822</b>
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	8,716	(8,716)	-
	<b>2,924,506</b>	<b>35,316</b>	<b>2,959,822</b>
<b>Expenditures:</b>			
Programs:			
Child Care and Education Affordability	316,518	-	316,518
Child Care and Education Quality	231,094	-	231,094
Family Support	222,164	-	222,164
NC Pre-K	1,915,744	-	1,915,744
Support:			
Management and General	118,023	-	118,023
Program Planning, Coordination and Evaluation	17,259	-	17,259
Other:			
Sales Tax Paid	6,436	-	6,436
<b>Total Expenditures</b>	<b>2,827,238</b>	<b>-</b>	<b>2,827,238</b>
<b>Excess (Deficiency) of Receipts Over Expenditures</b>	<b>97,268</b>	<b>35,316</b>	<b>132,584</b>
<b>Net Assets at Beginning of Year</b>	<b>(37,895)</b>	<b>24,285</b>	<b>(13,610)</b>
<b>Net Assets at End of Year</b>	<b>\$ 59,373</b>	<b>\$ 59,601</b>	<b>\$ 118,974</b>
<b>Net Assets Consisted of:</b>			
Cash and Cash Equivalents	\$ 97,281	\$ 59,601	\$ 156,882
Less: Due to State	36,938	-	36,938
Funds Held for Others	970	-	970
<b>Total Net Assets</b>	<b>\$ 59,373</b>	<b>\$ 59,601</b>	<b>\$ 118,974</b>

The Accompanying Notes are an Integral Part of the Financial Statements.

**Sampson County Partnership for Children**  
**Statement of Functional Expenditures - Modified Cash Basis**  
**For the Year Ended June 30, 2020**

Exhibit B

	Total	Personnel	Contracted Services	Supplies and Materials	Other Operating Expenditures	Fixed Charges and Other Expenditures	Property and Equipment Outlay	Services/Contracts/Grants
<b>Smart Start Fund:</b>								
<b>Programs:</b>								
Child Care and Education Affordability	\$ 305,817	\$ 85,168	\$ 4,038	\$ 853	\$ 4,029	\$ 1,578	\$ 2,773	\$ 207,378
Child Care and Education Quality	202,387	131,459	18,338	6,922	16,473	19,831	9,364	-
Family Support	188,441	140,637	2,877	1,579	16,233	21,831	2,898	2,386
NC Pre-K	180,350	-	-	-	-	-	-	180,350
	<u>676,995</u>	<u>357,264</u>	<u>25,253</u>	<u>9,354</u>	<u>36,735</u>	<u>43,240</u>	<u>15,035</u>	<u>390,114</u>
<b>Support:</b>								
Management and General	92,758	51,290	9,070	1,465	8,813	20,076	2,044	-
Program Planning, Coordination and Evaluation	16,300	-	16,300	-	-	-	-	-
	<u>109,058</u>	<u>51,290</u>	<u>25,370</u>	<u>1,465</u>	<u>8,813</u>	<u>20,076</u>	<u>2,044</u>	<u>-</u>
<b>Total Smart Start Fund Expenditures</b>	<b>\$ 986,053</b>	<b>\$ 408,554</b>	<b>\$ 50,623</b>	<b>\$ 10,819</b>	<b>\$ 45,548</b>	<b>\$ 63,316</b>	<b>\$ 17,079</b>	<b>\$ 390,114</b>
<b>Other Funds:</b>								
<b>Programs:</b>								
Child Care and Education Affordability	\$ 10,701	\$ 10,254	\$ -	\$ -	\$ 24	\$ 420	\$ -	\$ 3
Child Care and Education Quality	28,707	19,229	-	3,038	350	6,090	-	-
Family Support	33,723	15,642	-	711	8,060	5,885	430	1,995
NC Pre-K	1,735,394	171,864	3,678	39,408	23,712	28,270	4,417	1,464,045
	<u>1,808,525</u>	<u>217,989</u>	<u>3,678</u>	<u>43,157</u>	<u>32,146</u>	<u>40,665</u>	<u>4,847</u>	<u>1,466,043</u>
<b>Support:</b>								
Management and General	25,265	7,455	6,091	1,561	2,891	4,936	2,331	-
Program Planning, Coordination and Evaluation	959	440	137	15	175	192	-	-
	<u>26,224</u>	<u>7,895</u>	<u>6,228</u>	<u>1,576</u>	<u>3,066</u>	<u>5,128</u>	<u>2,331</u>	<u>-</u>
<b>Other:</b>								
Sales Tax Paid	6,436	-	-	6,436	-	-	-	-
	<u>6,436</u>	<u>-</u>	<u>-</u>	<u>6,436</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Other Funds Expenditures</b>	<b>\$ 1,841,185</b>	<b>\$ 225,884</b>	<b>\$ 9,906</b>	<b>\$ 51,169</b>	<b>\$ 35,212</b>	<b>\$ 45,793</b>	<b>\$ 7,178</b>	<b>\$ 1,466,043</b>

The Accompanying Notes are an Integral Part of the Financial Statements.

**SAMPSON COUNTY PARTNERSHIP FOR CHILDREN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization and Purpose** - The Sampson County Partnership for Children, Inc. (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 Standards for *Not-For-Profit Entities*, the accompanying financial statements present information according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets without donor restrictions are the part of net assets not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants). Net assets with donor restrictions are the part of net assets subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants). As permitted by this Standard, contributions with donor restrictions received and expended in the same year are reported as receipts without donor restrictions rather than receipts with donor restrictions.

Contributions with donor restrictions that are not expended within the year received are reported as an increase in net assets with donor restrictions. When the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Receipts, Expenditures, and Net Assets as net assets released from restrictions.

**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.
- E. **Due to State** - The funding provided by the State of North Carolina for the Smart Start Initiative is funded on a cost-reimbursement basis. The money is earned to the extent of allowable costs incurred. Any unexpected funds as of June 30 are required to be reverted to The North Carolina Partnership for Children, Inc. to be returned to the State of North Carolina.
- F. **Funds Held for Others** - Funds Held for Others includes amounts received that are fiduciary in nature in which the Sampson Partnership acts in an agency capacity. For the year ended June 30, 2020, the Sampson Partnership was holding amounts withheld from employee paychecks for distribution to AFLAC in the amount of \$910 and United Way in the amount of \$60.
- G. **Property and Equipment** - Under the modified cash basis of accounting, purchases of property and equipment are reported as expenditures in the year incurred. However, the 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 price, which may be different from their valuation as of June 30, 2020. 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.
- H. **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 9A.
- I. **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.

**J. Qualifying Match and Contributions In-Kind** - The 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. The Sampson Partnership also benefits from donor volunteer hours which do not require specific expertise, but which are nonetheless central to the 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 per bank.

Deposits over insured amounts subjects the Sampson Partnership to a concentration of credit risk. At June 30, 2020, the Sampson Partnership's bank deposits in excess of the FDIC insured limit was \$149,284.

**NOTE 3 - FUNDING FROM GRANT AWARDS AND CONTRACTS**

**Smart Start Program** - One of the Sampson Partnership's major sources of revenue 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.

Associated with these contracts, the Sampson Partnership is responsible for developing a comprehensive, collaborative, long-range plan of services to children and families for the service-delivery area.

The Sampson Partnership was awarded and has received \$1,022,991 and expended \$986,053 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 refunded \$36,938 of this contract to the State based on financial status reports submitted to NCPC subsequent to June 30, 2020.

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 and DHHS for the NC Pre-K program. The Sampson Partnership was awarded \$1,842,686, received \$1,582,054 and expended \$1,594,633 under a current year financial assistance contract. The Sampson Partnership also received \$162,364 and refunded \$31,187 of a prior year contract during the year ended June 30, 2020.

The Sampson Partnership expects to receive continued funding through new NC Pre-K contracts with the State and DHHS. 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 the generation of revenue.

**Dolly Parton Imagination Library Expansion Program** - The Sampson Partnership also received revenue and support from the State of North Carolina through NCPC for the Dolly Parton Imagination Library Expansion program. During the year ended June 30, 2020, the Sampson Partnership was awarded \$34,334, received \$12,000 and expended \$6,825 under a current year Dolly Parton Imagination Library Expansion Grant (DPIL) with NCPC. As allowed by program regulation, the unexpended balance of the current year contract is available to carry forward to the subsequent year.

The Sampson Partnership expects to receive continued funding through new Dolly Parton Imagination Library Expansion contracts with the State.

**Paycheck Protection Program Loan** - The Sampson Partnership received additional revenue and support from Truist Bank in the form of a forgivable loan dated May 9, 2020 with a maturity date of May 9, 2022 and a maximum principal balance of \$125,500. Under the modified cash basis of accounting (See Note 1), loan proceeds are recognized as revenue in the period which they are received. The Sampson Partnership received \$125,500 of this loan during the year ended June 30, 2020, of which \$94,785 was expended. In order for the loan to be forgiven, the Sampson Partnership must use the proceeds of the loan for its payroll costs and other expenses in accordance with the requirements of the Paycheck Protection Program. During the year ended June 30, 2020, no amount of interest was expended. As of June 30, 2020, the remaining principal balance on the loan was \$125,500. If the loan is not forgiven, the loan bears interest at a rate of 1% per annum, which is recognized as an expense when paid and monthly payments of interest and principal commence December 9, 2020. If the loan is not forgiven, following are the annual principal payments through maturity:

Fiscal Year	Payment
2021	\$ 51,676
2022	73,824
Total Minimum Principal Payments	<u>\$ 125,500</u>

**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 services support (Division of Child Development and Early Education) [DCDEE], Head Start wraparound/extended day, dual subsidy and dual subsidy administration, Head Start classrooms and coordination, child care transportation for subsidized children, part-day subsidy programs, subsidy preschool classes and public pre-K subsidy. Also, support for part-day programs for children not in full time care.

**Child Care and Education Quality** - Used to account for service activities including quality enhancement and maintenance, child care resource and referral, 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 systems building and public awareness, and home visiting.

**NC Pre-K** - Used to account for development and implementation of NC Pre-kindergarten 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.

**Program Planning, Coordination and Evaluation** - Expenditures that are incurred to coordinate the policies, procedures, daily practices, and evaluation of service delivery, needs assessment and strategic planning. 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 on estimates of utilization.

**NOTE 6 - OPERATING LEASE OBLIGATIONS**

Future minimum lease payments under non-cancelable operating leases consist of the following at June 30, 2020:

Fiscal Year	Operating Leases
2021	\$ 84,000
2022	84,000
2023	84,000
Total Minimum Lease Payments	<u>\$ 252,000</u>

Rental expense for all operating leases during the year was \$99,099.

**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 with an Individual Retirement Account through an outside insurance company. The Sampson Partnership contributed 10% of gross wages for the year ended June 30, 2020. The Sampson Partnership does not own the accounts nor is it liable for any other cost other than the required contribution. The Sampson Partnership contributed \$54,474 for pension benefits during the year.

**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. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

**NOTE 9 - COMMITMENTS AND CONTINGENCIES**

- A. 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, 2020 is \$9,281. No funds or reservation of net assets has been made for this commitment.
  
- B.** In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state, and local authorities leading to an overall decline in economic activity. As of June 30, 2020, there was no significant impact to the Sampson Partnership's operations. However, the Sampson Partnership is not able to reliably estimate the length or severity of this outbreak. If the length of the outbreak and related effects on the Sampson Partnership's operations continues for an extended period of time, there could be a loss of revenue and other material adverse effects to the Sampson Partnership's financial position, results of operations, and cash flows.

**NOTE 10 - RESTRICTIONS ON NET ASSETS**

**A. NET ASSETS WITH DONOR RESTRICTIONS** - Net assets with donor restrictions at June 30, 2020 are available for the following purposes:

Purpose	Amount
Dolly Parton Imagination Library Literacy Enhancements	\$ 27,509
Buckle Up Car Safety Program	915
Dolly Parton Imagination Library Donations	462
Federal Payroll Protection Plan	<u>30,715</u>
Total	<u>\$ 59,601</u>

**B. NET ASSETS RELEASED FROM DONOR RESTRICTIONS** - Net assets were released from donor restrictions during the fiscal year ended June 30, 2020 by incurring expenditures satisfying the restricted purposes as follows:

Purpose	Amount
Dolly Parton Imagination Library Literacy	\$ 6,825
Buckle Up Car Safety Program	<u>1,891</u>
Total	<u>\$ 8,716</u>

**NOTE 11 - FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS**

The following reflects The Sampson Partnership's financial assets as of June 30, 2020 reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of June 30, 2020:

Financial assets at year-end	\$ 118,974
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with time and purpose restrictions (See Note 10 A)	<u>(59,601)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 59,373</u>

The Sampson Partnership is supported by contributions with donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Sampson Partnership must maintain sufficient resources to meet these responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year.

The Sampson Partnership is primarily supported by federal and state funds, with additional funding support provided by donations. As part of financial management, the Sampson Partnership has an obligation to structure its financial assets so that funds can be available in the case of unforeseen or emergency circumstances as its operating expenditures come due. The Sampson partnership is also supported by contributions with use restrictions. Because use restriction requires resources to be used in a particular manner, the Sampson Partnership must maintain sufficient resources to meet operating responsibilities with unrestricted funds.

The Sampson Partnership's liquidity management policy is to retain unrestricted cash in a readily available checking account. In the event of an unanticipated liquidity need, the Sampson Partnership may draw upon unrestricted cash in the current checking account to cover up to two to four weeks of expenses (an estimated \$37,000) for payroll compensation and other related expenditures for staff as well as facility expenses.

**NOTE 12 - 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, 2020. Income tax returns for 2017 through 2019 remain open to examination by the tax authorities.

**NOTE 13 - SUBSEQUENT EVENTS**

The Sampson Partnership has evaluated events and transactions that occurred between June 30, 2019 and December 10, 2020, 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, 2020 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, 2020.

This information is an integral part of the financial statements.



SUPPLEMENTARY INFORMATION

**Sampson County Partnership for Children  
Schedule of Contract and Grant Expenditures - Modified Cash Basis  
For the Year Ended June 30, 2020**

Schedule 1

Organization Name	Smart Start Fund		Other Funds	
	Amount Advanced	Refund Due	Amount Advanced	Refund Due
<b>Organizations:</b>				
Cason's Community Day Care	\$ 47,968	-	\$ 3	\$ -
Classy Kidz Child Care Ctr Inc	55,775	-	-	-
Clinton City Schools	52,350	-	464,197	-
Debbie's Day Care	3,582	-	-	-
Faith Academy, Inc	36,070	-	-	-
Fun Time Academy, Inc.	9,752	-	-	-
Lottie Faison	9,195	-	-	-
Newkirk's Child Care Ctr, Inc	14,881	-	-	-
On Your Marks, Inc	17,880	-	-	-
Sampson County Schools	128,000	-	811,598	-
Simply Sweet Childcare	4,179	-	-	-
Telamon Corporation	-	-	138,300	-
Tom Thumb Academy, Inc	8,097	-	49,950	-
	<u>387,729</u>	<u>-</u>	<u>1,464,048</u>	<u>-</u>
<b>Individuals:</b>				
Dolly Parton Imagination Library	2,385	-	-	-
Family Support	-	-	1,995	-
	<u>2,385</u>	<u>-</u>	<u>1,995</u>	<u>-</u>
	<u>\$ 390,114</u>	<u>\$ -</u>	<u>\$ 1,466,043</u>	<u>\$ -</u>

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

**Sampson County Partnership for Children  
Schedule of Federal and State Awards - Modified Cash Basis  
For the Year Ended June 30, 2020**

**Schedule 2**

Federal/State Grantor/Pass-through Grantor/Program	Federal CFDA Number	Contract #	Receipts	Expenditures
<b>Federal Awards:</b>				
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 and Development Fund (Current Year)	93.575 *	38239	\$ 23,208	\$ 32,710
Child Care and Development Fund (Prior Year)	93.575 *	36878	15,755	-
NC Pre-K (Current Year)	93.558 * **	38239	1,193,281	1,193,281
<b>Total Federal Awards</b>			<b>1,232,244</b>	<b>1,225,991</b>
<b>State Awards:</b>				
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 (Current Year)	*	N/A	986,053	986,053
Dolly Parton Imagination Library (Current Year)		N/A	12,000	6,825
North Carolina Department of Health and Human Services Division of Child Development and Early Education NC Pre-K (Current Year)	*	38239	365,565	368,642
NC Pre-K (Prior Year)	*	36878	115,422	-
<b>Total State Awards</b>			<b>1,479,040</b>	<b>1,361,520</b>
<b>Total Federal and State Awards</b>			<b>\$ 2,711,284</b>	<b>\$ 2,587,511</b>

\* Programs with compliance requirements that have a direct and material effect on the financial statements.  
\*\* Major Programs per Uniform Guidance

**Sampson County Partnership for Children**  
**Schedule of Property and Equipment - Modified Cash Basis**  
**For the Year Ended June 30, 2020**

**Schedule 3**

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Furniture and Noncomputer Equipment	\$ 132,604
Computer Equipment/Printers	<u>66,539</u>
<b>Total Property and Equipment</b>	<b><u><u>\$ 199,143</u></u></b>

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  
Schedule of Qualifying Match (Non-GAAP)  
For the Year Ended June 30, 2020**

**Schedule 4**

**Match Provided at the Partnership Level:**

Cash	\$ 115,892
In-Kind Goods and Services	<u>1,810</u>
	<u>\$ 117,702</u>

**Match Provided at the Contractor Level:**

Cash	\$ 32,952
In-Kind Goods and Services	<u>59,515</u>
	<u>\$ 92,467</u>

Note: This schedule is presented in accordance with the program match requirement as provided for by North Carolina Session Law 2018-5, 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 the 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 was not available in a timely manner for the fiscal year ended June 30, 2020. Smart Start met the legislative statewide match requirement and will be waiving penalties for local partnerships that do not meet their match requirement for the fiscal year ended June 30, 2020.

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*

To Board Members of  
Sampson County Partnership for Children  
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 financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Sampson County Partnership for Children (a nonprofit organization), which comprise the Statement of Receipts, Expenditures, and Net Assets - Modified Cash Basis as of and for the year ended June 30, 2020, and the related Statement of Functional Expenditures - Modified Cash Basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 10, 2020.

As described in Note 1, the 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.

#### Internal Control over Financial Reporting

In planning and performing our audit, we considered Sampson County Partnership for Children's internal control over financial reporting (internal control) as a basis for designing 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 Sampson County Partnership for Children's internal control. Accordingly, we do not express an opinion on the effectiveness of Sampson County Partnership for Children'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 Sampson County Partnership for Children'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 those 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 Sampson County Partnership for Children'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 financial statements. 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 Sampson County Partnership for Children's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sampson County Partnership for Children's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charlotte, North Carolina  
December 10, 2020