



Finance and Audit Committee Meeting
June 7, 2024 Minutes
10-11:30 a.m.

Members Present: Laurie Stradley, Dr PH – Chair, Sandy Weathersbee – Vice Chair, Sherry Heuser, Mary Sonnenberg, and Laurie Urand
Members Absent: Fran Gary
Others Present: Amy Cubbage, Joseph Brownlee, Melissa Cheston, and Maura Pherson – recording secretary

The Finance and Audit Committee (Committee) of The North Carolina Partnership for Children, Inc. (NCPC) Board of Directors (Board) met June 7, 2024 via Zoom video conference. Vice Chair Sandy Weathersbee called the meeting to order at 10 a.m. and the presence of a quorum was established.

Agenda

The agenda was approved by unanimous consent.

Committee Minutes

A motion was made by Sherry Heuser and seconded to approve the minutes of the Finance and Audit Committee meeting of March 8, 2024. **Motion carried.**

2024 Financial Report Review

The Committee reviewed the details of the narrative and Financial Reports for grants and contracts, private funds, and cash flow as of April 30, 2024.

1. Summary of grant and contract and provided notes related to the period from July 1, 2023 through April 30, 2024.
2. Budget to actuals for each grant, contract, and private fund source.
3. Summarized version of the cash flow.

A motion was made by Sherry Heuser and seconded to recommend approval of the NCPC Financial Reports at the June 18, 2024 NCPC Board Meeting. **Motion carried.**

Allocation Methodology for FY 2025

The North Carolina General Assembly has not yet released its Fiscal Year (FY) 2025 budget. NCPC expects the Smart Start base appropriation for FY 2025 to be \$157 million.

The Committee determines the most equitable way to allocate Smart Start funds using the following primary goals:

- Meet legislative requirements while protecting stability of services for children and families.
- Minimize disruption for local partnerships and their service providers.
- Protect infrastructure to ensure all mandates are satisfied.
- Make the best use of any carry forward funds to accomplish goals.

ALLOCATION METHODOLOGY FOR FY 2025

1. **HOLD HARMLESS:** The following methodology is recommended:

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- a. NCPC shall not reduce the allocation for the counties with less than 35,000 in population below the FY 2012-2013 funding level as required in S.L. 2017-57 § 143B-168.12.(a)(6). This helps meet the goals of stability and minimum disruption.
 - b. This calculation is applied to counties not partnerships, so that multi-county partnerships may have some of their counties held harmless and some that do not qualify.
 - c. As it has always been, it will be the responsibility of the boards of the multi-county partnerships to determine which programs will be funded within the individual counties that make up their multi-county partnership.
2. **SMART START BASE APPROPRIATION:** The Smart Start base appropriation for FY 2025 is recurring at \$157 million. The Committee reviewed the summary of NCPC's budget and the local partnership allocations for FY 2025.
 3. **SET-ASIDES:** Staff recommends the following expenditures be taken off the top of the total appropriation. This will help achieve the first three primary allocation goals listed above.
 - a. Funding for local partnership audits – \$416,498 to fulfill local partnership audit requirements for FY 2023-2024.
 - b. Funding for MAC Grants – \$1,340,000
 - c. Funding for local partnership supports – \$40,327.
 4. **USE OF CARRY-FORWARD FUNDS:** Per legislation, state funds that are allocated to local partnerships that are unexpended at the end of the fiscal year shall remain available to NCPC to reallocate to local partnerships. The exact amount of unexpended funds from FY 2023-2024 will be calculated when local partnerships submit their year-end close to NCPC in July and will be included in the September update. The carry-forward will be available to NCPC and the local partnerships that reverted funds in FY 2023-2024.

A motion was made by Laurie Urland and seconded to recommend approval at the June 18, 2024, NCPC Board meeting, the Allocation Methodology for FY 2025. Further, recommend NCPC management has the authorization to use the allocation recommendations to distribute funding to local partnerships for FY 2025. **Motion carried.**

NCPC's FY 2024-2025 Budget

The Committee is charged with reviewing and recommending the NCPC's FY 2024-2025 budget. As in prior years, the approval request includes allowing NCPC to make budget changes among line items throughout the year as circumstances arise since: (1) the State Smart Start appropriations, Dolly Parton's Imagination Library (DPIL) special appropriation, DCDEE Tri-Share, DHHS HRCI, and other funders are fixed and cannot be exceeded; and (2) there are time constraints when amending budgets with the Division of Child Development and Early Education.

Smart Start legislation G.S. 143B-168.15(h) states that State funds allocated to local partnerships that are unexpended at the end of a fiscal year shall remain available to The North Carolina Partnership for Children, Inc. (NCPC), to reallocate to local partnerships. The actual amount of FY 2023-2024 unexpended funds will be determined when local partnerships have completed the year end close in July 2024 and will be updated in the September 2024 Committee meeting. These funds will be available for NCPC to distribute in FY 2024-2025 in accordance with legislation. Local partnerships will be required to spend at least \$59 million in subsidy for the Temporary Assistance to

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Needy Families (TANF) maintenance of effort (MOE) requirement and the Child Care Development Fund (CCDF) and Block Grant.

The Committee reviewed:

- 1. NCPC’s budget assumptions for FY 2024-2025.
- 2. NCPC’s existing grants and contracts.
- 3. The proposed NCPC State and Federal budget for FY 2024-2025.
- 4. The proposed NCPC Private budget for FY 2024-2025.

A motion was made by Sherry Heuser and seconded to recommend for approval of NCPC’s preliminary budget for FY 2024-2025 as presented with authorization for NCPC management to make changes among line items during the year as necessary, including adjustments to the total budget if additional funds are increased or decreased pending adjustments. The final approval will be brought to the September Board meeting. **Motion carried.**

Review 990

The [Form 990](#) was reviewed by the Committee. It was filed by NCPC on May 15, 2024. A motion was made by Mary Sonnenberg and seconded to accept Form 990 as reviewed. **Motion carried.**

Approval of the Smart Start Accountability Plan

Annually, the Accountability Committee and Finance and Audit Committee review the Smart Start Accountability Plan. This year there are minor revisions with track changes in the body of the document. The Accountability Committee reviewed the plan at its May 28, 2024 meeting and had additional questions. Those questions are highlighted in the draft of the Accountability Plan.

A motion was made by Laurie Urland and seconded to recommend changes to the Board at its June 18, 2024 meeting. **Motion carried.**



Recap action items

- Reviewed for Board approval FY 2024 Financial Reports
- Reviewed for Board approval Allocation Methodology for FY 2025
- Reviewed for Board approval NCPC Preliminary Budget for FY 2025 with final approval to the Board in September
- Acceptance of the Form 990
- Reviewed for Board approval the Smart Start Accountability Plan with discussion on Accountability Committee suggestions

Adjournment

Having no further business, the meeting was adjourned at 11:19 a.m.

Minutes submitted by:

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Joseph Brownlee, Committee Liaison
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Maura Pherson, Recording Secretary

9/6/2024 | 12:20 PM PDT

Date

9/6/2024 | 12:27 PM EDT

Date

