

FINANCIAL STATEMENT AUDIT REPORT OF  
ONSLOW COUNTY PARTNERSHIP FOR CHILDREN,  
INC.

JACKSONVILLE, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2025

BOARD OF DIRECTORS

JULIA COLLINS, BOARD CHAIR

ADMINISTRATIVE OFFICER

DAWN ROCHELLE, CHIEF EXECUTIVE OFFICER

Onslow County Partnership for Children, Inc.

Index

	<u>Page</u>
Independent Auditor's Report	3
Financial Statements	
Exhibits	
A Statement of Receipts, Expenditures, and Net Assets - Modified Cash Basis	6
B Statement of Functional Expenditures - Modified Cash Basis	7
Notes to Financial Statements	8
Supplementary Information	
1 Schedule of Contract and Grant Expenditures - Modified Cash Basis	23
2 Schedule of Federal and State Awards - Modified Cash Basis	24
3 Schedule of Property and Equipment - Modified Cash Basis	26
4 Schedule of Qualifying Match (Non-GAAP) (Unaudited)	27
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 <i>Government Auditing Standards</i>	28

Independent Auditor's Report

To Board Members of  
Onslow County Partnership for Children, Inc.  
Jacksonville, North Carolina

Report on the Audit of the Financial Statements

*Opinion*

We have audited the accompanying financial statements of Onslow 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, 2025, and the related Statement of Functional Expenditures - Modified Cash Basis for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the Statement of Receipts, Expenditures and Net Assets - Modified Cash Basis of the Onslow County Partnership for Children, Inc. as of and for the year ended June 30, 2025, and the Statement of Functional Expenditures - Modified Cash Basis for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

*Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Onslow County Partnership for Children, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Emphasis of Matter - 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 this matter.

*Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Onslow County Partnership for Children, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Onslow County Partnership for Children, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Onslow County Partnership for Children, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information in Schedule 4 on page 27 is presented for purposes of additional analysis as required by the North Carolina Office of the State Auditor, and is not a required part of the financial statements. 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.

The accompanying supplementary information in Schedules 1, 2, and 3 on pages 23, 24, and 26 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 11, 2025, on our consideration of Onslow County Partnership for Children, Inc.'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 Onslow County Partnership for Children, Inc.'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 Onslow County Partnership for Children, Inc.'s internal control over financial reporting and compliance.



Charlotte, North Carolina  
December 11, 2025

**Onslow County Partnership for Children, Inc.**  
**Statement of Receipts, Expenditures, and Net Assets - Modified Cash Basis**  
**For the Year Ended June 30, 2025**

**Exhibit A**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total Funds</b>
<b>Receipts:</b>			
State Awards and Contracts	\$ 7,862,096	\$ -	\$ 7,862,096
Federal Awards	4,405,378	63,544	4,468,922
Private Contributions	28,954	85,906	114,860
Special Fundraising Events	98,483	13,721	112,204
Interest and Investment Earnings	35,325	-	35,325
Sales Tax Refunds	23,227	-	23,227
Other Receipts	436,591	-	436,591
<b>Total Receipts</b>	<b>12,890,054</b>	<b>163,171</b>	<b>13,053,225</b>
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	498,367	(498,367)	-
	13,388,421	(335,196)	13,053,225
<b>Expenditures:</b>			
Programs:			
Child Care and Education Affordability	1,719,000	-	1,719,000
Child Care and Education Quality	1,225,947	-	1,225,947
Family Support	4,343,273	-	4,343,273
NC Pre-K	4,354,873	-	4,354,873
Support:			
Fundraising	48,421	-	48,421
Management and General	812,912	-	812,912
Program Planning, Coordination and Evaluation	172,973	-	172,973
Other:			
Refund of Prior Year Grant	468,280	-	468,280
Sales Tax Paid	17,978	-	17,978
<b>Total Expenditures</b>	<b>13,163,657</b>	<b>-</b>	<b>13,163,657</b>
<b>Excess (Deficiency) of Receipts Over Expenditures</b>	<b>224,764</b>	<b>(335,196)</b>	<b>(110,432)</b>
<b>Net Assets at Beginning of Year</b>	<b>878,611</b>	<b>517,563</b>	<b>1,396,174</b>
<b>Net Assets at End of Year</b>	<b>\$ 1,103,375</b>	<b>\$ 182,367</b>	<b>\$ 1,285,742</b>
<b>Net Assets Consisted of:</b>			
Cash and Cash Equivalents	\$ 1,177,818	\$ 93,000	\$ 1,270,818
Beneficial Interest in Community Foundation	-	89,367	89,367
	1,177,818	182,367	1,360,185
Less: Funds Held for Others	74,443	-	74,443
<b>Total Net Assets</b>	<b>\$ 1,103,375</b>	<b>\$ 182,367</b>	<b>\$ 1,285,742</b>

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

**Onslow County Partnership for Children, Inc.**

**Statement of Functional Expenditures - Modified Cash Basis**

**For the Year Ended June 30, 2025**

**Exhibit B**

	<b>Total</b>	<b>Personnel</b>	<b>Contracted Services</b>	<b>Supplies and Materials</b>	<b>Other Operating Expenditures</b>	<b>Fixed Charges and Other Expenditures</b>	<b>Property and Equipment Outlay</b>	<b>Services/Contracts/Grants</b>
<b>Smart Start Fund:</b>								
<b>Programs:</b>								
Child Care and Education Affordability	\$ 1,715,391	\$ -	\$ -	\$ -	\$ -	\$ 10,392	\$ -	\$ 1,704,999
Child Care and Education Quality	1,141,316	992,553	1,099	7,410	57,775	65,746	16,733	-
Family Support	1,315,091	1,094,134	5,244	14,437	94,837	103,069	3,370	-
	<b>4,171,798</b>	<b>2,086,687</b>	<b>6,343</b>	<b>21,847</b>	<b>152,612</b>	<b>179,207</b>	<b>20,103</b>	<b>1,704,999</b>
<b>Support:</b>								
Fundraising	46,677	39,888	1,950	4,695	144	-	-	-
Management and General	449,234	358,755	12,776	3,435	27,178	44,897	2,193	-
Program Planning, Coordination and Evaluation	172,581	154,267	73	1,075	11,174	3,962	2,030	-
	<b>668,492</b>	<b>552,910</b>	<b>14,799</b>	<b>9,205</b>	<b>38,496</b>	<b>48,859</b>	<b>4,223</b>	<b>-</b>
<b>Total Smart Start Fund Expenditures</b>	<b>\$ 4,840,290</b>	<b>\$ 2,639,597</b>	<b>\$ 21,142</b>	<b>\$ 31,052</b>	<b>\$ 191,108</b>	<b>\$ 228,066</b>	<b>\$ 24,326</b>	<b>\$ 1,704,999</b>
<b>Other Funds:</b>								
<b>Programs:</b>								
Child Care and Education Affordability	\$ 3,609	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,609
Child Care and Education Quality	84,631	55,211	-	1,612	12,566	14,622	620	-
Family Support	3,028,182	1,407,076	175,605	74,958	104,576	69,304	163,151	1,033,512
NC Pre-K	4,354,873	302,055	4,096	14,082	13,158	12,156	4,443	4,004,883
	<b>7,471,295</b>	<b>1,764,342</b>	<b>179,701</b>	<b>90,652</b>	<b>130,300</b>	<b>96,082</b>	<b>168,214</b>	<b>5,042,004</b>
<b>Support:</b>								
Fundraising	1,744	54	-	1,023	242	425	-	-
Management and General	363,678	274,587	1,279	4,562	60,976	22,106	168	-
Program Planning, Coordination and Evaluation	392	-	-	10	382	-	-	-
	<b>365,814</b>	<b>274,641</b>	<b>1,279</b>	<b>5,595</b>	<b>61,600</b>	<b>22,531</b>	<b>168</b>	<b>-</b>
<b>Other:</b>								
Refund of Prior Year Grant	468,280	-	-	-	-	468,280	-	-
Sales Tax Paid	17,978	-	-	17,978	-	-	-	-
	<b>486,258</b>	<b>-</b>	<b>-</b>	<b>17,978</b>	<b>-</b>	<b>468,280</b>	<b>-</b>	<b>-</b>
<b>Total Other Funds Expenditures</b>	<b>\$ 8,323,367</b>	<b>\$ 2,038,983</b>	<b>\$ 180,980</b>	<b>\$ 114,225</b>	<b>\$ 191,900</b>	<b>\$ 586,893</b>	<b>\$ 168,382</b>	<b>\$ 5,042,004</b>

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

**ONSLOW COUNTY PARTNERSHIP FOR CHILDREN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

---

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization and Purpose** - The Onslow County Partnership for Children, Inc. (Onslow Partnership) is a legally separate nonprofit organization incorporated on June 26, 1998. The Onslow Partnership was established to develop and provide, through public and private means, early childhood education and developmental services for children and families. The Onslow 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 Onslow 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 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. 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 - Modified Cash Basis 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. Beneficial Interest in Community Foundation** - This classification consists of funds invested with North Carolina Community Foundation as reported in Note 14. These amounts are included in the amounts shown in the With Donor Restrictions column of Exhibit A and represent the irrevocable principal in an endowment fund as described more fully in Note 15.
- F. Funds Held For Others** - Funds Held for Others includes amounts received that are fiduciary in nature in which the Onslow Partnership acts in an agency capacity. For the year ended June 30, 2025, the Onslow Partnership was holding amounts withheld from employee paychecks for distribution to authorities as well as awaiting payments from employees for insurance premiums as follows:

AFLAC Premiums	\$ 2
Life Insurance	(229)
Dental Insurance	(1,464)
Vision Insurance	(5)
Ameriflex FSA Contributions	(6,984)
Medical Insurance - Employer	83,010
PrePaid Legal	64
One Place	<u>49</u>
	<u><u>\$ 74,443</u></u>

- 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 Onslow Partnership is required by contract regulation to track and maintain property and equipment items as presented in Schedule 3 of this report. The Onslow 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, 2025. Donated items are recorded on the property and equipment log at estimated fair market 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 10.

- I. Use of Estimates** - The preparation of financial statements in conformity with the modified cash basis of accounting used by the Onslow 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 of Financial and Nonfinancial Assets** - The Onslow 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 contributions of cash and other financial assets, and nonfinancial assets. Contributions of cash and other financial assets, received and expended at the Partnership level, are recognized as revenue when they are received and as expenditures when they are paid and are included in the modified cash basis financial statements. For valuation of contributions of other financial assets and nonfinancial assets, the Onslow Partnership utilizes fair value on the date of the gift. Nonfinancial assets could be donated equipment, supplies, office space, or services. The Onslow Partnership also benefits from donor volunteer hours which do not require special expertise, but which are nonetheless central to the Onslow Partnership's operations. During the year ended June 30, 2025, the Onslow Partnership did not receive any contributions of other financial assets. Under the modified cash basis of accounting, the qualifying match reported on Schedule 4 for cash provided at the contractor level and for donated assets and services at both the Partnership and contractor levels is not recorded. See supplemental Schedule 4 for more information on the contributions of nonfinancial assets.

## **NOTE 2 - DEPOSITS**

All funds of the Onslow Partnership are deposited with commercial banks and insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank.

Deposits over insured amounts subjects the Onslow Partnership to a concentration of credit risk. At June 30, 2025, the Onslow Partnership's bank deposits in excess of the FDIC insured limit was \$935,262.

### NOTE 3 - FAIR VALUE

ASC 820-10 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. ASC 820-10 defines levels within the hierarchy based on the reliability of inputs as follows:

**Level 1** - Inputs are quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets may include securities that are traded in an active exchange market, or actively traded over-the-counter markets.

**Level 2** - Valuation is based on directly or indirectly observable inputs other than quoted prices included within Level 1 such as: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active or inputs other than quoted prices that are observable or can be corroborated to observable market data for substantially the full term of the asset or liability.

**Level 3** - Valuation is based on unobservable inputs for the asset or liability. Level 3 assets may include financial instruments whose value is determined using pricing models with internally developed assumptions, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following table sets forth by level within the fair value hierarchy, the Onslow Partnership's investment as of June 30, 2025:

	Level 1	Level 2	Level 3	Total Fair Value
Beneficial Interest in Community Foundation	\$ -	\$ -	\$131,674	\$131,674

### NOTE 4 - FUNDING FROM GRANT AWARDS AND CONTRACTS

**Smart Start Program** - One of the Onslow Partnership's major sources 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 Onslow Partnership and represents a concentration of credit risk as to the generation of revenue.

The Onslow Partnership was awarded and has received \$4,840,330 under a current year Smart Start contract with NCPC. The unexpended balance of this contract is subject to reversion to the State. The Onslow Partnership also refunded \$40 in prior year contracts during the year ended June 30, 2025.

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

**NC Pre-K** - The Onslow Partnership received revenue and support from the State of North Carolina and DHHS for the NC Pre-K program. A significant reduction in the level of funding from the State could have an adverse effect on the operations of the Onslow Partnership and represents a concentration of credit risk as to the generation of revenue. The Onslow Partnership was awarded \$5,040,363, received \$4,362,446 and expended \$4,343,728 under a current year financial assistance contract. The Onslow Partnership also reverted \$468,280 of revenue that was overpaid from a prior year contract. The unexpended balance of this contract is subject to reversion to the State based on receipts and expenditures recorded as of June 30, 2025.

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

**Multi-Partnership Accounting and Contracting** - The Onslow Partnership also received revenue and support from the State for their participation in the Multi-Partnership Accounting and Contracting Program. The unexpended balance of this contract is subject to reversion to the State. The Onslow Partnership was awarded, received and expended \$275,464 under a current year contract for payment of accounting services.

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

**Dolly Parton Imagination Library Expansion** - The Onslow Partnership was awarded \$48,000, received \$24,000 and expended \$28,287 under a two-year Dolly Parton Imagination Library Grant (DPIL) with NCPC during the year ended June 30, 2025. As allowed by program regulation, the unexpended balance of the current year contract is available to carry forward to the subsequent year.

The Onslow Partnership expects to receive continued funding through new DPIL contracts with NCPC.

**Child Care and Development Block Grant** - The Onslow Partnership received revenue and support from the DHHS based on a cost reimbursement pass-through contract with Martin/Pitt Partnership for Children, Inc. (MPPFC) for the Regional Child Care Resource & Referral Program. The Onslow Partnership was awarded, received and expended \$33,331 during the year ended June 30, 2025.

The Onslow Partnership expects to receive continued funding through new contracts with MPPFC.

**Early Head Start/Child Care Partnership** - The Onslow Partnership received and expended \$1,639,223 in federal funds under a prior year contract with the US Department of Health and Human Services Administration for Children and Families for an Early Head Start Child Care Partnership Grant. The term of this contract was March 1, 2024 through February 28, 2025. The Onslow Partnership

also received \$1,174 of prior year grant funding during the year ended June 30, 2025.

The Onslow Partnership was awarded \$1,988,949 and has received \$431,292 in federal funds and expended \$455,063 under a current year contract with the US Department of Health and Human Services Administration for Children and Families for an Early Head Start Grant. The term of this contract is March 1, 2025 through February 29, 2026. The balance of the award of the contract is expected to be received and expended after June 30, 2025.

The Onslow Partnership expects to receive continued funding through new contracts with United States Department of Health and Human Services.

**Governor's Crime Commission** - The Onslow Partnership received \$172,395 and expended \$145,161 under a prior year grant with the Governor's Crime Commission. The term of this contract is October 1, 2022 through September 30, 2024. The balance of the award of the contract is expected to be received and expended after June 30, 2025.

The Onslow Partnership received \$154,920 and expended \$153,661 under a prior year grant with the Governor's Crime Commission. The term of this contract is October 1, 2024 through September 30, 2025. The balance of the award of the contract is expected to be received and expended after June 30, 2025.

The Onslow Partnership expects to receive continued funding through new contracts with North Carolina Department of Crime Control and Public Safety.

**National Children's Alliance** - The Onslow Partnership was awarded \$50,000, received \$45,550 and expended \$41,456 under a current year grant with the National Children's Alliance (NCA). This grant is a Department of Justice initiative to help offset costs to assist military families served in the child advocacy center. The term of the contract is January 1, 2024 through December 31, 2024.

The Onslow Partnership was also awarded \$50,000, received \$11,485 and expended \$29,694 under a current year grant with NCA. This grant is a Juvenile Justice Delinquency Prevention initiative to help offset costs to serve children/families in the child advocacy center. The term of the contract was January 1, 2025 through December 31, 2025.

The Onslow Partnership was also awarded \$75,000 and expended \$5,228 under a current year grant with NCA. This grant is a national subgrant program for victims of child sexual abuse materials. This initiative is designed to help train staff and create awareness concerning domestic trafficking victims in Onslow County who are served in the child advocacy center. The term of the contract was January 1, 2025 through December 31, 2025.

The Onslow Partnership was also awarded \$26,333 under a current year grant with NCA. This grant is a national subgrant to improve the investigation and prosecution of child abuse victims. The term of the contract is May 15, 2025 through December 31, 2025.

The Onslow Partnership expects to receive continued funding through the current contract with the National Children's Alliance.

**Children's Advocacy Center** - The Onslow Partnership was awarded \$254,675, received \$235,517, and expended \$254,675 under a current year grant with the Child Advocacy Centers of North Carolina (CACNC). The Children's Advocacy Center grant is a state initiative to help offset costs to run a child advocacy center. The term of the contract was July 1, 2024 through June 30, 2025. The Onslow Partnership also received \$26,501 of prior year grant funding during the year ended June 30, 2025.

The Onslow Partnership expects to receive continued funding through new contracts with CACNC.

**North Carolina Human Trafficking Commission** - The Onslow Partnership was awarded \$180,670, received \$77,430 expended \$32,604 under a current year grant with the North Carolina Human Trafficking Commission (HTC) and the North Carolina Administrative Office of the Courts (NCAOC). This grant is a state initiative to provide funds to eligible organizations for economic assistance and to enhance services to victims of human trafficking. The term of the contract is October 1, 2024 through September 30, 2026.

The Onslow Partnership expects to receive continued funding through continued contracts with HTC and NCAOC.

**NOTE 5 - RELATED PARTY TRANSACTIONS**

- A. Service Provider Contracts with Board Member Organizations** - The board members of the Onslow Partnership are representative of various organizations that benefit from actions taken by the Board. It is the policy of the Onslow Partnership that board members are not involved with decisions regarding organizations they represent.
- B. One Place** - Several of the board members of the Onslow Partnership are board members of One Place. The Onslow Partnership acts as an agent on behalf of One Place in the collection of contributions and in the payment of certain operating expenses, which are subsequently reimbursed. As of June 30, 2025, the Onslow Partnership owes One Place \$49 which is included in funds held for others on Exhibit A.

**NOTE 6 - 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 associated with 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, childcare 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 associated with quality enhancement and maintenance, child care resource and referral, professional development and supplements, literacy for child care providers, child care substitutes, provider training, mentoring programs, AmeriCorps, special needs - early intervention support for child care professionals, learning materials and teaching aids, curriculum enhancements, child care needs and resources assessments, kindergarten orientation/transition, or health insurance benefits for child care providers.

**Family Support** - Used to account for service activities associated with family resource centers, teen parent/child programs, ongoing parenting education, general family support, family intervention, literacy or family literacy projects, transportation services, community systems building and public awareness, and home visiting.

**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

**Fundraising** - Expenditures that are incurred in inducing others to contribute money, securities, time, materials, or facilities for which the contributor will receive no direct economic benefit.

**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 7 - LEASE OBLIGATIONS

**A. Operating Lease Obligations** - As of June 30, 2025, the existing operating lease has expired.

Rental expense for all operating leases during the year was \$242,250.

**B. Financing Lease Obligations** - Future minimum lease payments under financing lease obligations consist of the following at June 30, 2025:

Fiscal Year	Leases
2026	\$ 1,164
2027	1,164
2028	<u>1,164</u>
Total Minimum Lease Payments	<u>\$ 3,492</u>

### NOTE 8 - PENSION PLAN

**Deferred Compensation and Supplemental Retirement Income Plans - IRC Section 401(k) Plan** - The Onslow Partnership has an IRC Section 401(k) plan (Plan). All costs of administering the Plan are the responsibility of the Plan participants. The Onslow Partnership contributed up to 6% of gross wages for the year ended June 30, 2025. Employees may make voluntary contributions to the Plan. For the year ended June 30, 2025, the Onslow Partnership contributed \$130,578.

**NOTE 9 - RISK MANAGEMENT**

The Onslow 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 Onslow Partnership manages these various risks of loss as follows:

Type of Loss	Method Managed	Risk of Loss Retained
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 Onslow Partnership. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

**NOTE 10 - COMMITMENTS AND CONTINGENCIES**

**Compensated Absences** - Because of the Onslow 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, 2025 is \$222,504. No funds or reservation of net assets have been made for this commitment.

**NOTE 11 - RESTRICTIONS ON NET ASSETS**

**A. Net Assets with Donor Restrictions** - Net assets with donor restrictions not in perpetuity at June 30, 2025 are restricted for the following purposes:

Purpose	Amount
NC Pre-K	\$ 18,718
NC Human Trafficking	44,826
Child Advocacy Center	4,957
Safe Kids	8,321
Dolly Parton's Imagination Library	8,412
Early Literacy	2,767
Delta Dental	<u>5,000</u>
	 <u>\$ 93,001</u>

**B. Net Assets Released from Donor Restrictions** - Net assets were released from donor restrictions during the fiscal year ended June 30, 2025 by incurring expenditures satisfying the restricted purposes as follows:

Purpose	Amount
DPL Administration	\$ 4,287
NC Pre-K	468,280
Child Advocacy Center	20,909
Safe Kids	1,049
Early Literacy	45
Delta Dental	<u>3,797</u>
	 <u>\$ 498,367</u>

**C. Net Assets with Donor Restrictions** - Endowments restricted in perpetuity at June 30, 2025 were restricted for the following purposes:

Purpose	Amount
NC Community Foundation (OCPC)	\$ 10,000
NC Community Foundation (Mental Health)	<u>79,367</u>
	 <u>\$ 89,367</u>

**NOTE 12 - FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS**

The following reflects the Onslow Partnership financial assets as of June 30, 2025 reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of June 30, 2025:

Financial assets at year-end	\$ 1,285,742
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 11A)	(93,001)
Restricted in perpetuity by donor (See Note 11C)	<u>(89,367)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,103,374</u>

The Onslow 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 Onslow 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 Onslow Partnership is partially 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 Onslow 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. As part of the Onslow Partnership's liquidity management, there are structures in place to align financial assets to be available as general expenditures, liabilities, and other obligations come due. In an effort to maintain cash flow and meet financial obligations while waiting on State budget approval and reimbursements from grants/contracts, a variable rate nondisclosable revolving line of credit can be renewed with the bank each year in the amount of \$300,000. The terms of the agreement have a maturity date of February 25, 2026. As of June 30, 2025, no amount remained outstanding.

**NOTE 13 - INCOME TAXES**

The Onslow 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. Management has analyzed the tax positions taken by the Onslow Partnership and has concluded that, as of June 30, 2025, there are no uncertain tax positions taken or expected to be taken that would require recognition or disclosure in the financial statements.

Income tax returns for 2022 through 2024 remain open to examination by the tax authorities.

**NOTE 14 - BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION**

The Onslow Partnership is the beneficiary of an endowment established through the North Carolina Community Foundation. The agreement between the Onslow Partnership and the North Carolina Community Foundation provides that all the contributions to the endowment are irrevocable. The North Carolina Community Foundation will make distributions of the income earned on the endowment, subject to the North Carolina Community Foundation's spending policy. The agreement also permits the North Carolina Community Foundation to substitute another beneficiary in the place of the Onslow Partnership if the Onslow Partnership ceases to exist or if the Onslow Partnership ceases to be an organization described in Internal Revenue Code Sections 170c and 501c(3). Therefore, the Onslow Partnership has explicitly granted variance power to the North Carolina Community Foundation. The Onslow Partnership's endowment position is identified on the Statement of Receipts, Expenditures, and Net Assets - Modified Cash Basis as the beneficial interest in the North Carolina Community Foundation. The fair value of the endowment administered by the North Carolina Community Foundation on behalf of the Onslow Partnership at June 30, 2025 was \$131,674; however, under the modified cash basis of accounting, the original cost basis of contributions are reported on the Statement of Receipts, Expenditures, and Net Assets - Modified Cash Basis.

**NOTE 15 - ENDOWMENT**

**Interpretation of Endowment Under Uniform Prudent Management of Institutional Funds Act (UPMIFA)**

Through June 30, 2025, the Onslow Partnership's management and investment of donor-restricted endowment funds was subject to the provisions of the Uniform Management of Institutional Funds Act (UMIFA). In 2006, the Uniform Law Commission approved the model act, Uniform Prudent Management of Institutional Funds Act (UPMIFA) that serves as a guideline to states to use in enacting legislation. Among UPMIFA's most significant changes is the elimination of UMIFA's important concept of historic dollar threshold, the amount below which an organization could not spend from the fund, in favor of a more robust set of guidelines about what constitutes prudent spending. The Onslow Partnership's endowment consists of a beneficial interest in a community foundation. Endowments include donor-restricted endowment funds.

### **Basis of Endowment Accounting**

Under the modified cash basis of accounting, the Onslow Partnership records contributions and endowment investment earnings on a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Contributions from funds held, raised or collected by the Onslow Partnership and processed through its bank accounts are recorded as net assets restricted in perpetuity.

Contributions from funds held, raised or collected by the Onslow Partnership but not processed through its bank accounts are not recorded. Contributions restricted in perpetuity sent directly by a third party to the community foundation are not recorded in the general ledger of the Onslow Partnership. There were no such third party contributions directly to the foundation during the year ended June 30, 2025. Similarly, investment earnings and expenses of endowments held by the community foundation are not recorded in the general ledger of the Onslow Partnership, unless such earnings and expenses pass through its bank accounts.

Endowment net asset composition by fund type as of June 30, 2025 follows:

Without Donor Restrictions	With Donor Restrictions	Total
\$	\$	\$
<u>-</u>	<u>73,720</u>	<u>73,720</u>

### **NOTE 16 - SUBSEQUENT EVENTS**

The Onslow Partnership has evaluated events and transactions that occurred between June 30, 2025 and December 11, 2025, 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, 2025 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, 2025.

This information is an integral part of the financial statements.

## **SUPPLEMENTARY INFORMATION**

Onslow County Partnership for Children, Inc.

Schedule of Contract and Grant Expenditures - Modified Cash Basis

For the Year Ended June 30, 2025

Schedule 1

Organization Name	Smart Start Funds		Other Funds	
	Amount Advanced	Refund Due	Amount Advanced	Refund Due
<b>Organizations:</b>				
Above & Beyond ELC	\$ 16,222	\$ -	\$ 3,609	\$ -
Abundance of Love & Learning	54,417	-	316,999	-
Angry Ginger Irish Pub	-	-	710	-
Autism Society of NC, Inc.	-	-	961	-
Brighter Beginnings CDC	-	-	-	-
Child Development Schools, DBA Childcare Network, Inc. #313	41,917	-	-	-
Childcare Network Inc. #79	34,917	-	-	-
Childcare Network Inc. #79B	22,778	-	128,701	-
Childcare Network Inc. #80	50,445	-	255,964	-
Childcare Network Inc. #81	56,945	-	127,263	-
Childcare Network Inc. #352	34,417	-	-	-
Children's Castle Childcare	21,584	-	-	-
Coastal Hive Inc. DBA Kid City	153,073	-	125,106	-
Dollywood Foundation	-	-	2,267	-
ELA Kidsnet Holdings LLC	494,545	-	1,602,409	-
Holly Ridge Quality Childcare	20,356	-	74,057	-
Jolly Bee Childcare	31,167	-	124,387	-
Kids Educational Center V, Inc.	-	-	-	-
New Beginnings Child Care #II	48,413	-	99,222	-
New Beginnings Child Care #III	178,806	-	255,964	-
New Beginnings Child Care, Inc	141,400	-	127,982	-
New River YMCA	* 32,667	-	154,517	-
One Place	-	-	55,000	-
Onslow County Child	37,639	-	-	-
Onslow County Schools	-	-	1,073,520	-
Precious Resources Inc	52,695	-	255,245	-
Sneads Ferry Quality CC I	121,429	-	-	-
Sneads Ferry Quality CC II	23,806	-	258,121	-
Teachable Moments	35,361	-	-	-
	<hr/> \$ 1,704,999	<hr/> \$ -	<hr/> \$ 5,042,004	<hr/> \$ -

\* These organizations are represented on the Partnership's Board as described in Note 5 - Service Provider Contracts with Board Member Organizations.

See Independent Auditor's Report.

**Onslow County Partnership for Children, Inc.**  
**Schedule of Federal and State Awards - Modified Cash Basis**  
**For the Year Ended June 30, 2025**

**Schedule 2**

Federal/State Grantor/Pass-through Grantor/Program	Federal Assistance Listing Number	Contract Number	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 Block Grant (NC Pre-K)	*	93.575	47086	\$ 89,391
Temporary Assistance for Needy Families (NC Pre-K)	**	93.558	47086	1,771,983
				\$ 70,673
				1,771,983
Department of Justice				
Office of Justice Programs, Office of Juvenile Justice Delinquency Prevention				
Pass-through from the National Children's Alliance				
Improving the Investigation and Prosecution of Child Abuse and the Regional and Local Children's Advocacy Centers	16.758	JACK-NC-MIL24	45,550	41,456
Improving the Investigation and Prosecution of Child Abuse and the Regional and Local Children's Advocacy Centers	16.758	JACK-NC-CORE25	11,485	29,694
Domestic Trafficking Victim Program	16.834	JACK-NC-DTVF25	-	5,228
United States Department of Health and Human Services				
Division of Social Services				
Pass-through from the Children's Advocacy Centers of North Carolina				
Child Abuse and Neglect State Grants	93.669	45538	458	458
Social Services Block Grant	93.667	45538	40,290	40,290
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				
Pass-through from Child Care Services Association, Inc.				
Pass-through from Martin/Pitt Partnership for Children, Inc.				
Child Care and Development Block Grant	93.575	4565-503	33,331	33,331
United States Department of Justice				
Pass-through from the North Carolina Department of Crime Control and Public Safety				
Governor's Crime Commission				
Crime Victim Assistance	16.575	PROJ014820	172,395	145,161
Crime Victim Assistance	16.575	2000071081	154,920	153,661
United States Department of Treasury				
Pass-through from the North Carolina Administrative Office				
of the Courts and North Carolina Human Trafficking Commission				
COVID-19 - Coronavirus State and Local Recovery Funds (ARPA)	21.027	N/A	77,430	32,604
United States Department of Health and Human Services				
Administration for Children and Families				
Head Start	93.600	04CH012514-01-00	1,174	-
Head Start	93.600	04CH012514-01-03	1,639,223	1,639,223
Head Start	93.600	04CH012514-02-01	431,292	455,063
<b>Total Receipts and Expenditures of Federal Awards</b>			<b>4,468,922</b>	<b>4,418,825</b>

**Onslow County Partnership for Children, Inc.**

**Schedule of Federal and State Awards - Modified Cash Basis**

**For the Year Ended June 30, 2025**

**Schedule 2 (continued)**

<b>Federal/State Grantor/Pass-through Grantor/Program</b>	<b>Federal Assistance Listing Number</b>	<b>Contract Number</b>	<b>Receipts</b>	<b>Expenditures</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.	*	N/A	4,840,290	4,840,290
Early Childhood Initiatives Program	*	197:20/21-009	275,464	275,464
Multi-Partnership Accounting and Contracting Grant		N/A	24,000	28,287
Dolly Parton Imagination Library Expansion				
North Carolina Department of Health and Human Services				
Division of Social Services				
Pass-through from the Children's Advocacy Centers of North Carolina				
Children's Advocacy Center Grant		N/A	194,769	213,927
Children's Advocacy Center Grant		45538	26,501	-
North Carolina Department of Health and Human Services				
Division of Child Development and Early Education				
NC Pre-K	*	45722	-	468,280
NC Pre-K	*	47086	2,501,072	2,501,072
<b>Total Receipts and Expenditures of State Awards</b>			<b>7,862,096</b>	<b>8,327,320</b>
<b>Total Receipts and Expenditures of Federal and State Awards</b>			<b>\$ 12,331,018</b>	<b>\$ 12,746,145</b>

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

\*\* Major Programs per Uniform Guidance

See Independent Auditor's Report.

**Onslow County Partnership for Children, Inc.**

**Schedule of Property and Equipment - Modified Cash Basis**

**For the Year Ended June 30, 2025**

**Schedule 3**

---

Furniture and Noncomputer Equipment	\$ 502,672
Computer Equipment/Printers	<u>263,763</u>
<b>Total Property and Equipment</b>	<b><u>\$ 766,435</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.

**Onslow County Partnership for Children, Inc.**  
**Schedule of Qualifying Match (Non-GAAP) (Unaudited)**  
**For the Year Ended June 30, 2025**

**Schedule 4**

***Match Provided at the Partnership Level:***

Cash	\$ 2,288,712
Contributions of Nonfinancial Assets	<u>50,794</u>
	<u><u>\$ 2,339,506</u></u>

***Match Provided at the Contractor Level:***

Cash	\$ -
Contributions of Nonfinancial Assets	<u>-</u>
	<u><u>\$ -</u></u>

Note: This schedule is presented in accordance with the program match requirement as provided for by North Carolina Session Law 2023-134, Section 9D.5.(d). The match is comprised of both cash and contributions of nonfinancial assets. Only contributions of nonfinancial assets that are verifiable, quantifiable, and related to the Smart Start Program can be applied to the 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.

For the fiscal year ended June 30, 2025, 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, 2025.

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  
Onslow County Partnership for Children, Inc.  
Jacksonville, 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 Onslow County Partnership for Children, Inc. (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, 2025, 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 11, 2025.

As described in Note 1, the financial statements were 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.

#### Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Onslow County Partnership for Children, Inc.'s internal control over financial reporting 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 Onslow County Partnership for Children, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Onslow County Partnership for Children, Inc.'s internal control over financial reporting.

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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Onslow County Partnership for Children, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting 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 over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.



Charlotte, North Carolina  
December 11, 2025