

**FINANCIAL ASSISTANCE CONTRACT  
2026-500**

between

**GUILFORD COUNTY PARTNERSHIP FOR CHILDREN**

and

**GUILFORD COUNTY ON BEHALF OF GUILFORD COUNTY DEPARTMENT OF  
HEALTH AND HUMAN SERVICES – DEPARTMENT OF PUBLIC HEALTH  
Adopt-A-Mom**

**GUILFORD COUNTY CONTRACT NO. 90007465**

**FEDERAL TAX ID #: 56-6000305**

**1. Parties to this Contract:**

This Contract is hereby entered into by and between the Guilford County Partnership for Children, (the “Local Partnership”) and **Guilford County on behalf of Guilford County Department of Health and Human Services – Department of Public Health**, (the “Contractor”) (referred to collectively as the “Parties”). The “Contractor” is also considered a grantee or recipient or subrecipient of State funds.

**2. Effective Period:**

This Contract shall be effective on **July 1, 2025**, and shall terminate on **June 30, 2026**.

**3. Amount of Payment:**

The Local Partnership shall reimburse the Contractor in the manner and in the amount specified in the Contract Documents. The amount paid by the Local Partnership for provision of services under this Contract shall not exceed **\$77,475**.

**4. Contract Administrators:**

All notices permitted or required to be given by one Party to the other and all questions about this Contract from one Party to the other shall be addressed and delivered to the other Party’s Contract Administrator. The name, post office address, street address, telephone number, fax number, and email address of the Parties’ respective initial Contract Administrators are set out below. Either Party may change the name, post office address, street address, telephone number, fax number, or email address of its Contract Administrator by giving timely written notice to the other Party.

**For the Local Partnership:**

Heather Adams, Executive Director

Guilford County Partnership for Children  
4900 Koger Boulevard, Suite 151  
Greensboro, NC 27407

Phone: (336) 274-5437

Email: HeatherA@GuilfordChildren.org

**For the Contractor:**

Victor Isler, County Manager  
Guilford County Department of Health and  
Human Services – DPH  
1203 Maple Street  
Greensboro, NC 27405

Phone: (336) 641-6637

Email: visler@guilfordcountync.gov

**5.**

**A. Payment Procedure:**

1. Monthly reimbursements shall be made for actual expenditures made in accordance with the approved budget on file with both Parties and reported in the monthly expenditure report submitted by the Contractor and due by the 10th of each month.
2. In **2026**, the Contractor may receive an advance for the final reimbursement under this Contract.

**B. Withholding of Payment:**

The Local Partnership has the authority to withhold payment if the Contractor fails to make significant progress toward achieving outcomes as defined in the activity proposal as approved by the Local Partnership, or if the quality of services provided fails to meet Local Partnership standards and expectations for any reason, or if the Contractor fails to submit required reports.

**C. Reimbursements:**

Reimbursements for expenditures under this Contract will not occur subsequent to **30 2026**.

**6. R U F**

Any unexpended funds held by the Contractor upon termination or completion of this Contract shall be reported and reverted to the Local Partnership with the final report of expenditures.

**7. A F** The Parties to this Contract agree and understand that the payment of the sums specified in this Contract is dependent and contingent upon and subject to the appropriation, allocation, and availability of funds for this purpose to the Local Partnership. In the event funds are unavailable, the Local Partnership may terminate this Contract by giving written notice to the Contractor specifying the effective date of termination.

**. A**

This Contract may not be amended orally or by performance. Any amendment must be made in written form and executed by duly authorized representatives of the Local Partnership and the Contractor.

**9. A C D**

This Contract and any documents incorporated herein by reference represent the entire agreement between the Parties and supersede all prior oral or written statements or agreements. In the event of a conflict between or among the terms in the Contract Documents, the terms in the Contract Document with the highest relative precedence shall prevail. The Contract Documents include this Contract, any amendments thereto, and the Attachments. The Contract Documents have the highest precedence, followed by the Contractor's proposal. If there are multiple Contract Amendments, the most recent amendment shall have the highest precedence and the oldest amendment shall have the lowest precedence.

**0. A U F**

The Contractor shall use or expend the funds provided by this Contract only for the purposes for which they were appropriated by the North Carolina General Assembly and as defined in the Early Childhood legislation. Further, the funds provided by the Local Partnership shall be used by the Contractor only for the purposes and activities specified in Attachment I, which is attached hereto; any amendments or additions to Attachment I; and the Contractor's proposal, which is incorporated by reference as if fully set forth herein.

**. C C**

The Contractor will not be reimbursed for expenditures incurred under this Contract that do not comply with the Smart Start Cost Principles, which are incorporated herein as Attachment III, and North Carolina Budget Manual, as applicable.

**2. ti F**

The Contractor assures that funds received pursuant to this Contract shall be used only to supplement, not supplant, the total amount of federal, State, and local public funds that the Contractor otherwise expends for services on behalf of young children and their families. Funds received pursuant to this Contract shall be used to provide additional public funding for such services; the funds shall not be used to reduce the Contractor's total expenditure of other public funds for such services. In the event of supplantation, the Local Partnership may immediately reduce or terminate funding under this Contract.

**3. D**

As a condition of this Contract, the Contractor acknowledges and agrees to make disbursements in accordance with the following requirements:

- A. Implement adequate internal controls over disbursements;
- B. Pre-audit all vouchers presented for payment to determine:
  - 1. Validity and accuracy of payment
  - 2. Payment due date
  - 3. Adequacy of documentation supporting payment
  - 4. Legality of disbursement;
- C. Assure adequate control of signature stamps /plates;
- D. Assure that an individual does not sign a check payable to himself/herself or to an organization for which there is a real or perceived conflict of interest; and,
- E. Implement accounting procedures to ensure that expenditures incurred under this Contract may be readily identified and reported.

**4. N O T D**

The Contractor certifies that it does not have any overdue tax debts, as defined by N.C.G.S. §105-243.1, at the federal, State, or local level. The Contractor understands that any person who makes a false statement in violation of N.C.G.S. §143C-6-23(c) is guilty of a criminal offense punishable as provided by N.C.G.S. §143C-10-1.

**5. C L**

The Contractor shall comply with all laws, ordinances, codes, rules, regulations, and licensing requirements that are applicable to the conduct of its business, including those of federal, State, and local agencies having jurisdiction and/or authority.

**6. O**

The Contractor shall comply with all federal and State laws relating to equal employment opportunity.

**7. I A A I AA**

The Contractor agrees that, if the Local Partnership determines that some or all of the activities within the scope of this Contract are subject to the Health Insurance Portability and Accountability Act of 1996, P.L. 104-191, as amended ("HIPAA"), or its implementing regulations, it will comply with the HIPAA requirements and will execute such agreements and practices as the Local Partnership may require to ensure compliance.

**. R ti L**

The Local Partnership shall perform the following:

- A. Reimburse the Contractor for its allowable costs of services incurred in providing the activities described in Attachment I in accordance with the approved budget in Attachment II and subsequent amendments to these Attachments;
- B. Perform financial and programmatic monitoring of the Contractor for compliance with the terms of this Contract; and
- C. Specify reports and other deliverables required from the Contractor.

**9. R ti C**

The Contractor shall perform the following:

- A. Provide the services described in Attachment I in accordance with the terms of this Contract and in accordance with the approved budget in Attachment II; and in compliance with the Smart Start Cost Principles in Attachment III; and in compliance with the Logo Usage Requirements in Attachments IV; and in compliance with the Contract Compliance Acknowledgement form in Attachment V; and subsequent amendments to the Attachments and in the activity proposal submitted by the Contractor which is incorporated herein by reference as if fully set forth herein. Any portion of payment under this Contract not used for these purposes must revert to the Local Partnership and thereafter to the funding source as appropriate. Any condition or purpose set forth in this Contract shall take precedence over any conflicting provision in the proposal submitted by the Contractor.
- B. Receive approval from the Local Partnership of any activity changes by the Contractor prior to implementation. Budget amendments must also receive advance approval from the Local Partnership.
- C. Report all expenditures on the cash basis of accounting. The Contractor will submit to the Local Partnership, in such form and by such date as specified by the Local Partnership, a financial status report for each activity in order to claim reimbursement for allowable costs incurred under this Contract.

The certified expenditure report must be submitted no less frequently than monthly by the 10th of each month to the Local Partnership.

- D. Make available all records, including general and subsidiary ledgers, reports, vouchers, books, program documentation, correspondence, or other documentation or evidence at reasonable times for review, inspection or audit by duly authorized officials of the Local Partnership, NCPC, the Division of Child Development and Early Education of the North Carolina Department of Health and Human Services ("Division"), the North Carolina Office of the State Auditor or applicable Federal agencies in accordance with N.C.G.S. §147-64.7. The State Auditor shall have access to persons and records as a result of this Contract in accordance with N.C.G.S. §147-64.7. The Contractor agrees the Office of State Auditor, the Local Partnership, NCPC, or its agent has the right to audit or monitor the records of the Contractor pertaining to this Contract both during performance and after completion. In addition, the Office of the State Auditor, the Division, NCPC, and the Local Partnership has access to the working papers of the Contractor's independent auditor for review as considered necessary.
- E. Submit to the Local Partnership any other plans, reports, documents or other products that the Local Partnership may require in the form specified by the Local Partnership.

- F. Attend scheduled meetings with the Local Partnership and/or NCPC as requested.
- G. Use Program Income earned under this Contract, with written permission of the Local Partnership, only to enhance the activities performed under this Contract or to decrease the cost to the Local Partnership of performing those activities. Program income includes, but is not limited to, income from services rendered, the use or rental of personal property acquired with State funds, sales of commodities acquired with State funds, and interest earnings on State-funded deposits.
- H. Submit to the Local Partnership with the final report of expenditures, in such form as specified by the Local Partnership, an accounting of all program income earned and expended.
- I. Publicize the activities performed under this Contract as being funded by the Local Partnership and Smart Start.
- J. Obtain or supply program match cash and in-kind (volunteers, goods, services, facilities) contributions of nineteen percentage (19%) of this Contract amount; retain written documentation of program match cash and in-kind contributions and quantify and report to the Local Partnership on a monthly basis these contributions and any other direct or indirect funding the Local Partnership funds have leveraged.
- K. Report suspected child abuse, neglect, or dependency as defined in N.C.G.S. §7B-101.
- L. Ensure that no funds from this Contract will be used to carry on propaganda or otherwise to attempt to influence legislation, to influence the outcome of any public election, or to carry on directly or indirectly any voter registration drive.
- M. Ensure adherence to N.C.G.S. §143B-168.10.-143B-168.16. and as modified by applicable Session Law.
- N. Provide and maintain accurate staff and organization profile information with the Local Partnership. The Contractor shall inform the Local Partnership immediately of any changes in key personnel assigned to the performance of this Contract. The term “key personnel” includes any and all persons identified in the Contractor’s proposal.
- O. Participate in the Local Partnership’s evaluation process and develop measurable outcomes for evaluating funded activities.
- P. Ensure that this Contract and all referenced attachments and subsequent amendments thereto have been reviewed.

**20. C I**

The Contractor expressly asserts that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under this Contract. The Contractor shall not employ any person or subcontractor having such interest during the performance of this Contract. The Contractor further agrees to notify the Local Partnership in writing of any instances that might have the appearance of a conflict of interest.

The Local Partnership shall not be required to make any payments until it has received a notarized copy of the Contractor's policy addressing conflict of interest. The policy shall address situations in which the Contractor's employees and the members of its board of directors or other governing body may directly or indirectly benefit from the Contractor's disbursing of funds under this Contract and shall include actions to be taken by the Contractor or the individual, or both, to avoid conflicts of interest and the appearance of impropriety.

**2 . N ti C R ti R**

The Contractor shall comply with all rules and reporting requirements established by statute or administrative rules.

NCAC Title 09 NCAC 03M, "Uniform Administration of State Grants," establishes reporting thresholds and requirements for nongovernmental grantees and subgrantees of State funds.

- A. Reporting levels are based on the allocated funds from all grants disbursed through the State of North Carolina. The reporting levels are:
  - 1. Level I – A recipient or subrecipient that receives, holds, uses, or expends grants in an amount less than \$1,000,000.
  - 2. Level II – A recipient or subrecipient that receives, holds, uses, or expends grants in an amount equal to or greater \$1,000,000.
- B. Recipients must meet the following reporting standards on an annual basis:
  - 1. All recipients and subrecipients shall provide to the Local Partnership a certification that grants received or held were used for the purposes for which the grants were awarded.
  - 2. All recipients and subrecipients shall provide an accounting to the Local Partnership of all grants received, held, used, or expended.
  - 3. All recipients and subrecipients shall report on activities and accomplishments undertaken by the recipient, including reporting on any performance measures established in the contract.
  - 4. Level II recipients and subrecipients shall have a single or program-specific audit prepared and completed in accordance with Generally Accepted Government Auditing Standards, also known as the Yellow Book, which is herein incorporated by reference, including subsequent amendments and editions.
- C. All reports shall be filed with the Local Partnership in the format and method specified by the Local Partnership no later than three months after the end of the recipient's fiscal year, unless the same information is already required through more frequent reporting. Audits shall be provided to the Local Partnership no later than nine months after the end of the recipient's fiscal year. The Contractor shall use the forms specified by the Local Partnership in making reports to the Local Partnership.

The Office of the State Auditor has audit oversight for all organizations that receive, use or expend State funds. The Local Partnership shall, upon request, furnish to the Office of the State Auditor, the Division, and NCPC all financial books, records, and other information requested by them to provide full accountability for the use and expenditure of State funds.

The Contractor's fiscal year runs from **2025**, to **30 2026**.

**22. C O D**

All deliverable items produced pursuant to this Contract are the exclusive property of the Local Partnership. The Contractor shall not assert a claim of copyright or other property interest in such deliverables.

**23. C**

The Contractor agrees that it shall be responsible for the proper custody and care of any property furnished to it for use in connection with the performance of this Contract and will reimburse the Local Partnership for loss of, or damage to, such property. When the property provided or purchased is no longer needed or used for the performance of services under this Contract, or at the termination of this Contract, the Contractor shall contact the Local Partnership for instructions as to the disposition of such property and shall comply with these instructions.

For personal property costing in excess of \$500 per item, controls and procedures shall include at a minimum the following:

- A. Detailed asset records that accurately include description and location of the asset, acquisition date, cost, and serial number, if applicable.
- B. A control system shall be in place to ensure adequate safeguards to prevent loss, damage, or theft of personal property.
- C. Adequate maintenance procedures to ensure that property is maintained in good condition.

**24. R ti ti**

- A. The Contractor is and shall be deemed to be an independent contractor in the performance of this Contract and as such shall be wholly responsible for the work to be performed and for the supervision of its employees. The Contractor represents that it has, or shall secure at its own expense, all personnel required in performing the services under this Contract. Such employees shall not be employees of, or have any individual contractual relationship with, the Local Partnership.
- B. The Contractor shall not subcontract any of the work contemplated under this Contract without prior written approval from the Local Partnership. Any approved subcontract shall be subject to all conditions of this Contract. The Local Partnership shall not be obligated to pay for work performed by any unapproved subcontractor. The Contractor shall be responsible for the performance of all of its subcontractors.
- C. The Contractor has the responsibility to ensure that all subgrantees, if any, provide all information necessary to permit the Contractor to comply with the standards set forth in this Contract.
- D. No assignment of the Contractor's obligations or the Contractor's right to receive payment hereunder shall be permitted.

- E. Except as herein specifically provided otherwise, this Contract shall inure to the benefit of and be binding upon the Parties hereto and their respective successors. It is expressly understood and agreed that the enforcement of the terms and conditions of this Contract, and all rights of action relating to such enforcement, shall be strictly reserved to the Local Partnership and the named Contractor. Nothing contained in this document shall give or allow any claim or right of action whatsoever by any other third person. It is the express intention of the Local Partnership and Contractor that any such person or entity, other than the Local Partnership or the Contractor, receiving services or benefits under this Contract shall be deemed an incidental beneficiary only.



This Section shall not apply to state agencies.

**26. D T ti**

- A. *Termination*: This Contract may be terminated in whole or in part by at any time:
1. By either Party by mutual consent with 10 days' notice to the other Party.
  2. By either Party, with 30 days written notice to the other Party's Contract Administrator as noted in Section 4, delivered by certified mail with return receipt requested, or in person.
  3. If, through any cause, the Contractor shall fail to fulfill its obligations under this Contract in a timely and proper manner, the Local Partnership shall have the right to terminate this Contract by giving written notice to the Contractor's Contract Administrator as noted in Section 4, delivered by certified mail with return receipt requested, or in person, and specifying the effective date thereof.
  4. The Local Partnership may terminate this Contract on any date specified by the Local Partnership if funds are no longer available.

After receipt of a notice of termination and except as otherwise directed by the Local Partnership, the Contractor shall cease work under this Contract on the date and to the extent specified in the notice of termination. In the event of termination in part, both Parties shall continue the performance of this Contract to the extent not terminated.

In that event, all finished or unfinished deliverable items prepared by the Contractor under this Contract shall, at the option of the Local Partnership, become its property, and the Contractor shall be entitled to receive just and equitable compensation for any satisfactory work completed on such materials, minus any payment or compensation previously made. Notwithstanding the foregoing provision, the Contractor shall not be relieved of liability to the Local Partnership for damages sustained by the Local Partnership by virtue of the Contractor's breach of this agreement, and the Local Partnership may withhold any payment due the Contractor for the purpose of setoff until such time as the exact amount of damages due the Local Partnership from such breach can be determined. The filing of a petition for bankruptcy by the Contractor shall be an act of default under this Contract.

- B. *Waiver of Default or Breach*: Waiver by the Local Partnership of any default or breach in compliance with the terms of this Contract by the Contractor shall not be deemed a waiver of any subsequent default or breach and shall not be construed to be modification of the terms of this Contract unless stated to be such in writing, signed by an authorized representative of the Local Partnership and the Contractor and attached to this Contract.
- C. *Suspension*: This Contract may be suspended in whole or in part upon 10 days written notice, to the Contract Administrator noted in Section 4, by the Local Partnership if the Contractor has materially failed to comply with the terms and conditions of this Contract, including all attachments and amendments thereto.

Suspension shall remain in effect until:

1. The Contractor has taken corrective action as approved by the Local Partnership; or
2. The Contractor has given written assurances satisfactory to the Local Partnership that corrective action will be taken; or
3. The Contract is terminated by either Party or by mutual consent of both Parties.

After receipt of a notice of suspension and except as otherwise directed by the Local Partnership, the Contractor shall immediately cease work under this Contract on the

date and to the extent specified in the notice of suspension and take all reasonable steps to minimize the costs incurred under this Contract.

- D. *Force Majeure*: Neither Party shall be deemed to be in default of its obligations hereunder if and so long as it is prevented from performing such obligations by any act of war, hostile foreign action, nuclear explosion, riot, strikes, civil insurrection, earthquake, hurricane, tornado, or other catastrophic natural event or act of God.
- E. *Survival of Promises*: All promises, requirements, terms, conditions, provisions, representations, guarantees, and warranties contained herein shall survive this Contract expiration or termination date unless specifically provided otherwise herein, or unless superseded by applicable federal or State statutes of limitation.

**27. C            nti**

Any information, data, instruments, documents, studies or reports given to or prepared or assembled by the Contractor under this Contract shall be kept as confidential and not divulged or made available to any individual or organization without the prior written approval of the Local Partnership. The Contractor acknowledges that in receiving, storing, processing or otherwise dealing with any confidential information it will safeguard and not further disclose the information except as otherwise provided in this Contract.

**2 . D**

The Contractor shall adopt and apply data security standards and procedures that comply with all applicable federal, State, and local laws, regulations, and rules.

The Contractor shall report a suspected or confirmed security breach to the Local Partnership's Contract Administrator within twenty-four (24) hours after the breach is first discovered, provided that the Contractor shall report a breach involving Social Security Administration data or Internal Revenue Service data within one (1) hour after the breach is first discovered. During the performance of this Contract, the Contractor is to notify the Local Partnership Contract Administrator of any contact by the federal Office for Civil Rights (OCR) received by the Contractor.

If any applicable federal, State, or local law, regulation, or rule requires the Local Partnership or the Contractor to give affected persons written notice of a security breach arising out of the Contractor's performance under this Contract, the Contractor shall bear the cost of the notice

**29. R            R            ti**

The State's basic records retention policy requires all grant records to be retained for a minimum of five years following completion or termination of this Contract or until all audit exceptions have been resolved, whichever is longer. If any litigation, claim, negotiation, audit, disallowance action, or other action involving this Contract has been started before expiration of the five-year retention period described above, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular five-year period described above, whichever is later.

If the Contractor becomes unable to maintain these records for the period described above, the Contractor must provide the records to the Local Partnership.

**30.**

In the event that a court of competent jurisdiction holds that a provision or requirement of this Contract violates any applicable law, each such provision or requirement shall continue to be enforced to the extent it is not in violation of law or is not otherwise unenforceable and all other provisions and requirements of this Contract shall remain in full force and effect.

**3 . U T R**

If eligible, the Contractor and all subgrantees shall (a) ask the North Carolina Department of Revenue for a refund of all sales and use taxes paid by them in the performance of this Contract, pursuant to N.C.G.S. §105-164.14; and (b) exclude all refundable sales and use taxes from all reportable expenditures before the expenses are entered in the reimbursement reports.

**32. A ti**

The Contractor shall not use the award of this Contract as a part of any news release or commercial advertising.

**33.**

The Section and Paragraph headings in this Contract are not material parts of the agreement and should not be used to construe the meaning thereof.

**34. G N**

Masculine pronouns shall be read to include feminine pronouns and the singular of any word or phrase shall be read to include the plural and vice versa.

**35. T**

Time is of the essence in the performance of this Contract.

**36. C L**

The validity of this Contract and any of its terms or provisions, as well as the rights and duties of the Parties to this Contract, are governed by the laws of North Carolina. The Contractor, by signing this Contract, agrees and submits, solely for matters concerning this Contract, to the exclusive jurisdiction of the courts of North Carolina and agrees, solely for such purpose, that the exclusive venue for any legal proceedings shall be Guilford County, North Carolina. The place of this Contract, and all transactions and agreements relating to it, and their situs and forum, shall be Guilford County, North Carolina, where all matters, whether sounding in contract or tort, relating to the validity, construction, interpretation, and enforcement shall be determined.

The undersigned represent and warrant that they are authorized to bind their principals to the terms of this Contract.

In Witness Whereof, the Local Partnership and the Contractor have executed this Contract via electronic signature through DocuSign, with access to download the document and certificate after full execution to be retained by each Party.

**Guilford County Partnership for Children**

By: <u>Heather Adams</u>	<u>August 27, 2025   5:19:16 PM EDT</u>
Heather Adams, Executive Director	Date

**Guilford County on behalf of Guilford County Department of Health and Human Services –  
Department of Public Health**

By: _____	_____
Victor Isler, County Manager	Date

**Attest:**

By: _____	_____
Robin B. Keller, Clerk to the Board	Date

By: _____	_____
Courtney McFadden, Guilford County Department Director / Designee	Date

Guilford

Child Care Health Consultation, Activity ID# 207

PSC:3414 PBISID:PLA40

DCDEE Approved Trainings are designed to enhance knowledge, skills, and abilities to Early Childhood Education Owners/Directors and Early Childhood Education Teachers who work with children birth to 5 years old. Core components and activities will vary depending on the selected training. Each training will be submitted to and approved by the North Carolina Division of Child Development and Early Education (DCDEE) for the required approval and renewal using the documents specific to the training type: Distance Learning Training Packet, Non-Exempt On-going Training Packet, Exempt On-going Training Packet, or Conference Training Packet. Trainings will be Multiple trainings will be offered, some in-person, some virtual. Dosage for each training will vary. Trainers must be certified to provide the selected training. Local Partnerships will review the credentials, experience, and qualifications of trainers and will document trainer certification using the template for documenting trainers' qualifications in the Conference Training Packet. Output and outcome data for this Smart Solution will be collected according to its specific data form(s).

TA Consultation and Coaching: Child Care Health Consultant (CCHC) will support Early Childhood Education Owners/Directors and Early Childhood Education Teachers who care for children birth to 5 years old. CCHCs work collaboratively with a regional CCHC Implementation Specialist to develop and document priorities and goals. A Child Care Health Consultant (CCHC) will use the North Carolina Child Care Health and Safety Assessment and Encounter Tool (NC HSAET). Consultation and coaching will take place in person (virtual options are a reasonable response to environmental factors). The CCHC must successfully complete the NC Child Care Health Consultant Training Course and receive a certificate. Output and outcome data for this Smart Solution will be collected according to its specific data form(s).

Smart Start funds may be used for Non-cash grants including incentives (Non-cash grants in the form of EPR kits.).



Activity Name: Child Care Health Consultation

		Projected Smart Start Budget	Program Match		Total Funds projected for activity
			Cash Contributions	In-kind Contributions	
	<b>Budget Narrative</b>				
11) Personnel	Complete Tab-Detailed Budget FY25-26	\$ 329,710.00		\$286,028.00	\$615,738.00
12) Contracted Professional Services	Complete Tab-Detailed Budget FY25-26				\$0
<b>13) Total Personnel/Contracted Services</b>		<b>\$329,710</b>	<b>\$0.00</b>	<b>\$286,028.00</b>	<b>\$615,738</b>
14) Supplies and Materials	<i>paper, printer cartridges, and educational pamphlets</i>	\$ 200.00			\$200.00
15) Service-Related Supplies & Materials					\$0.00
<b>16) Total Supplies &amp; Materials</b>		<b>\$200.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$200.00</b>
17) Travel	<i>daily mileage to and from homes, travel to mtgs &amp; trngs</i>	\$ 2,100.00			\$2,100.00
18) Communications & Postage	<i>desk &amp; smart phones, hot spots, send ltrs to parents</i>	\$ 2,300.00			\$2,300.00
19) Utilities					\$0.00
20) Printing & Binding	<i>printing costs for business cards, flyers and brochures</i>	\$ 150.00			\$150.00
21) Repair & Maintenance					\$0.00
22) Meeting & Conference Expense	<i>food for parent meetings</i>	\$ 50.00			\$50.00
23) Employee Training (no travel)	<i>attend workshops to earn CEUs/contact hours</i>	\$ 1,500.00			\$1,500.00
24) Advertising & Outreach					\$0.00
<b>26) Total Non-Fixed Operating Expenses</b>		<b>\$ 6,100.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$6,100.00</b>
27) Office Rent	<i>Office space for staff at 1 building 956 square feet</i>			\$15,205.00	\$15,205.00
28) Furniture Rental					\$0.00
29) Equipment Rental					\$0.00
30) Vehicle Rental					\$0.00
31) Dues & Subscriptions	<i>CCHC Annual Dues</i>	\$ 225.00			\$225.00
32) Insurance & Bonding	<i>General liability, D&amp;O, fidelity bonding, professional liability, etc</i>	\$ 323.00			\$323.00
33) Books (Library Reference Materials)					\$0.00
35) Other Expenses: provide explanation					\$0.00
<b>36) Total Fixed Charges &amp; Other Expenses</b>		<b>\$ 548.00</b>	<b>\$0.00</b>	<b>\$15,205.00</b>	<b>\$15,753.00</b>
39) Furniture/Non-computer Eqpt.,\$500+ per item					\$0.00
40) Computer Equipment/Printers,\$500+ per item					\$0.00
41) Furniture/Eqpt., under \$500 per item					\$0.00
<b>42) Total Property and Equipment Outlay</b>		<b>\$ -</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
43) Purchase of Services					\$0.00
45) Awards (including Stipends & Scholarships)					\$0.00
46) Cash Grants					\$0.00
47) Non-Cash Grants		\$ 4,116.00			\$4,116.00
<b>48) Total Services/Contracts/Grants</b>		<b>\$ 4,116.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$4,116.00</b>
<b>50) Total Budgeted Expenditures</b>		<b>\$ 340,674</b>	<b>\$0.00</b>	<b>\$301,233.00</b>	<b>\$ 641,907</b>

Activity Name:

Child Care Health Consultation

Complete this section for any position paid with Smart Start funds or for any position counted as Smart Start Program Match.

Line 11) Personnel

Position Title	Name of Staff Person	Full-time or Part-time?	# of Hours per week paid with Smart Start funds	Hourly Wage	# of Weeks to be Paid with Smart Start funds	Total Salary to be Paid with Smart Start funds	Total Benefits and Payroll Taxes to be Paid with Smart Start funds	Total Salary and Benefits to be Paid with Smart Start Funds	Total Salary and Benefits to be Paid with Non-Smart Start Funds (Complete only if counted as Program Match)	Total Salary and Benefits to be Paid
Nurse Specialist I	Groomes, Majena	Full-time	40	43.18	52	89,814.40	38,613.00	128,427.40		128,427.40
Nurse Specialist I	Mason, Shelley	Full-time	40	43.39	52	90,251.20	39,429.00	129,680.20		129,680.20
Nurse Specialist I	Johnson, Ashley	Full-time	30	31.33	52	48,874.80	22,728.00	71,602.80		71,602.80
Agency Business Manager	Baldwin, Louise	Full-time	0.8	42.89					1,784	
Interim Public Health Director	Ramachandran, Anita	Full-time	0.8	64					2,662	
Accounting Officer	Lough, Pamela	Full-time	6	34.72					10,833	
Administrative Services Supervisor	Greeson, Jennifer	Full-time	4	33.06					6,876	
Public Health Program Manager	Van Wyk, Bethany	Full-time	2	50.77					5,280	
Accounting Technician II	Wilson, Amber	Full-time	4	27.25					5,668	
Nursing Services Supervisor	Bullock, Gervis (Dee)	Full-time	40	48.31					100,485	
Nurse Specialist I	Gainey, Shawnda	Full-time	40	43.6					90,688	
Senior Office Specialist	Kallam, Teresa	Full-time	16	24.75					20,592	
Public Health Medical Director	Vacant	Full-time	2	122.31					12,720	
Nursing Services Manager	Carter, Sharain	Full-time	10	54.69					28,439	
Total Personnel Costs (total on Line 11 on the Budget Narrative and Summary Forms)									\$329,710	\$286,028
									\$329,710	

Complete this section for any services paid with Smart Start funds or for any services counted as Smart Start Program Match.

Line 12) Contracted/Professional Services

Position Title	Name of Contractor	# of Hours per week paid with Smart Start funds	Hourly Wage or Contracted Amount	# of Weeks to be Paid with Smart Start funds	Amount to be Paid with Smart Start Funds	Amount to be Paid with Non-Smart Start Funds (Complete only if counted as Program Match)	Total Amount to be Paid
					0	0	0
					0		0
Total Contracted Professional Services ( total on Line 12 on the Budget Narrative and Summary Forms)					\$0	\$0	\$0



DO NOT ENTER IN SHADED CELLS

#	Line Item	Definition	Examples
11	Personnel	Employee salaries/wages and fringe costs (full and part-time)	Payroll, FICA, retirement contributions, health insurance, workers' comp, etc.
12	Contracted Professional Services	Services that are provided by independent contractors (i.e., non-employees)	Payroll processing, tax return prep, legal counsel, temporary agency services, consulting services, needs assessments
14	Office Supplies & Materials	Office supplies and materials purchased for use in daily operations of the LP (or DSP)	Office supplies, consumable computer supplies, janitorial supplies, database access fees, other administrative supplies
15	Service Related Supplies	Supplies used in the performance of a service activity; this line cannot be used for reward/incentive items given to program participants (see Line 47); should generally not be used in LP Admin.	Educational supplies; materials used during trainings IF consumed (like a workbook) or not given away, food used in teaching nutrition/cooking classes, lending library supplies; automotive supplies for owned vehicles
17	Travel	Costs associated with travel by <u>employees</u>	Meals, lodging, and transportation for employees attending conferences, meetings, monitoring visits; <b>NOT</b> travel provided for program participants usually reported on Line 43
18	Communications & Postage	All communications, postage and shipping costs	Telephone, cell phone, internet, fax, outbound postage and shipping fees
19	Utilities	All utilities costs, including deposits paid to utility companies when new service is established	Electricity, municipal water, sewer, gas
20	Printing & Binding	Printing, binding, copying costs for internal-use items	Internal manuals, business cards, forms, stationery, etc.; <b>NOT</b> for service materials distributed externally (see Line 24)
21	Repair & Maintenance	Costs for <u>minor</u> repairs and routine maintenance	Janitorial services, landscaping services, computer repair technicians, locksmiths, plumbers, carpenters, pest control, maintenance agreements for equipment, automotive maintenance, etc. <b>NOT</b> to be used for repair costs of a CAPITAL nature as defined by Smart Start (e.g., roof replacement, HVAC replacement)
22	Meeting/Conference Expense	Expenses related to meetings and conferences <b>hosted/organized/presented by the LP or DSP</b> for program participants or LP board/cmte mtg costs	Food, facility rental, speaker fees, supplies for hosted events; <b>NOT</b> to be used for expenses incurred by employees attending meetings/ conferences held by <b>outside parties</b> (see Lines 23 & 17)
23	Employee Training (no travel)	Costs for training for employees	Tuition, registration, training materials for staff; <b>NOT</b> for travel expenses (mileage, food, hotel, etc.) incurred for training (see Line 17); includes Smart Start Conference fees for employees
24	Advertising & Outreach	Cost of advertising for staff as well as advertising and publicizing services to the community	Classified ads for competitive bidding or to solicit job applicants; ads to publicize fund-raising events or program services; brochures & fliers publicizing services/events; community resource directories
25	Board Member Expense	Reimbursements to, or payments on behalf of, LP board members conducting LP board business	Board members' individual costs for meals, lodging, transportation, and/or per diems related to board events, board retreats & training; <b>NOT</b> for LP costs for hosting board meetings (see Line 22)
27	Office Rent	Office space rental expenses	Regular rental of space to conduct an activity or provide office space for funded personnel
28	Furniture Rental	Furniture rental expenses	Rental of office desks, chairs, conference tables
29	Equipment Rental	Costs of equipment rental	Rental or lease of copiers, phones, computers, faxes, etc. and any property tax associated with these rentals
30	Vehicle Rental	Costs incurred with vehicle rental	Vehicle rental, gasoline and insurance for rented vehicles
31	Dues, Subscriptions & Fees	Costs for subscriptions for publications, professional organization membership dues, corporate fees	Subscriptions to childcare-related magazines; memberships in NAEYC, NCAEYC, NACCRRA; LP's charitable solicitation license
32	Insurance & Bonding	Costs for insurance	General liability, D&O, fidelity bonding, professional liability, special events coverage, etc.; <b>NOT</b> workers' comp (See Line 11)
33	Book/Library Reference Materials	Costs of reference materials for internal use by employees	Books about nonprofit management, employment law, fund accounting, board development and operations, etc.
34	Mortgage Interest and Bank Fees	Bank-related charges	Monthly fees associated with bank accounts and mortgage principal and interest payments
35	Other Expenses	Other expenses not classified elsewhere	LP use of this line is RARE; DSPs: Overhead allocation, if permitted
39	Furniture/Non-Computer Equipment, \$500+ per item	Costs of furniture and non-computer equipment that equals or exceeds \$500 per item	Desks, conference tables (\$500 or more)
40	Computer Equipment, including Printers, \$500+ per item	Costs of computer equipment that equals or exceeds \$500 per item	Desktop computers, laptops, printers (\$500 or more)
41	Furniture & Equipment, Under \$500 per item	Costs of equipment that is less than \$500 per item	Chairs, tables, fax machines, printers (less than \$500)
43	Purchase of Services	Payments to providers/vendors for routine services	Purchase of subsidy or other services usually paid for on a per unit basis such as cost per mile, per trip, per child
44	Contracts with Services Providers	Contracts further subcontracted to another contractor in the form of Financial Assistance Contracts	CANNOT BE USED WITHOUT APPROVAL FROM NCPC
45	Stipends/Scholarships	Subset of Cash Grants; Costs of stipends, scholarships and incentives provided to outside organizations and/or individuals	Cash incentives to participants who attend trainings, intended to cover participants' costs to attend (such as travel, child care, etc.)
46	Cash Grants & Awards	Cash grants to outside organizations and/or individuals	Quality maintenance payments, professional development payments, etc.
47	Non-Cash Grants & Awards	Non-cash awards to organizations and/or individuals; payments to a third party on behalf of a grantee	Grants of QE materials to child care centers, pmts to a health insurer for health coverage on behalf of child care providers, Welcome Baby packets, books distributed through a literacy activity, training-related materials not consumed during the training and given to participants to keep





The North Carolina Partnership for Children, Inc.

# 2023 SMART START COST PRINCIPLES

Effective July 1, 2023

CP07012023.1



The North Carolina Partnership for Children, Inc.  
**SMART START COST PRINCIPLES**  
Effective July 1, 2023

**TABLE OF  
CONTENTS**

<b><u>Purpose of Cost Principles</u></b>	3
<b><u>A. General Principles / Basic Considerations</u></b>	4
<b><u>B. Selected Items of Cost</u></b>	
1. Advertising	4
2. Alcoholic Beverages	5
3. Apparel and Jewelry	5
4. Audit Services	5
5. Bad Debts	6
6. Capital and Repair and Maintenance	6
7. Condolences	6
8. Contributions and Donations	7
9. Legal Costs	7
10. Employee Salaries and Fringe Benefits	8
11. Entertainment Costs	9
12. Fines, Penalties and Fees	9
13. Flowers, Plants and Trees	9
14. Food for Hosted Meetings and Events	9
14.1 Food - In General	9
14.2 Food - Board or Committee Meetings	10
14.3 Food - Employee Training	10
14.4 Food - Staff Meetings and Other Internal Meetings	11
14.5 Food - External Meetings and Conferences	11
15. Fund Raising	12
16. Gift Cards and Other Pre-Paid Instruments	12
17. Goods or Services for Personal Use	13
18. Interest	13
19. Lobbying	14
20. Meetings and Conferences	15
21. Memberships	15
22. Participant Costs	15
23. Patents, Royalties and Copyrights	16
24. Professional Services Costs	16
25. Promotion and Public Relations	16
26. Recognition Events	18
27. Rental Costs	18
28. Selling and Marketing Expenses	19
29. Severance Pay	19
30. Travel - In General	19
31. Travel - Daily	21
32. Travel - Overnight	21
<b><u>C. Resources</u></b>	22

The North Carolina Partnership for Children, Inc.  
**SMART START COST PRINCIPLES**  
Effective July 1, 2023

**PURPOSE OF COST  
PRINCIPLES**

This document establishes principles for determining costs that may be paid with State Smart Start funds. These Cost Principles are not intended to address all items of cost.

The North Carolina Partnership for Children, Inc. ("NCPC") is charged with ensuring fiscal integrity and accountability of State funds. In this role, we have developed the following Cost Principles, incorporating a variety of authoritative rules that Smart Start must comply with. These sources are further explained in the Resources section at the end of this document.

Key to citations relevant at the time of this update are as follows:

NCGS	North Carolina General Statutes
NCSL	North Carolina Session Law
NCBM	North Carolina Budget Manual
DCDEE	North Carolina Division of Child Development and Early Education Guidance/Requirements
CFR	Code of Federal Regulations - Office of Budget and Management (Federal Cost Principles)

The Smart Start Cost Principles are applicable only to State Smart Start funds, including Smart Start program income, and supersede any prior guidance for the items listed. In cases where expenditures are allowable but limited to a specific dollar amount, overages can be charged to other sources of funds.

Other sources of funds may have specific guidelines and principles that must be followed for their funds. Specifically, Federal Funds must follow all the requirements in the Uniform Guidance in 2CFR 200. NCPC requires you to follow our cost principles if they are more restrictive than the Uniform Guidance in 2CFR 200. Accordingly, each grant agreement or contract related to sources of funds other than Smart Start should be reviewed carefully to ensure compliance with requirements.

These Cost Principles are effective **July 1, 2023**, and apply to NCPC, the Local Partnerships, and their direct service providers and grantees. [The term "direct service providers" refers to external entities with whom a Smart Start Partnership subcontracts for services.] More restrictive provisions apply to direct service providers and grantees in several areas (Section B.7. - Condolences; Section B.10. - Employee Salaries and Fringe Benefits; Section B.14. - Food for Hosted Meetings and Events, Section B.18. - Interest; and Section B.29. - Severance Pay) as identified in **bold** text below.

Stricter principles may be adopted if desired.

The North Carolina Partnership for Children, Inc.  
**SMART START COST PRINCIPLES**  
Effective July 1, 2023

**GENERAL  
PRINCIPLES**

**A. Basic Considerations**

**1. Factors affecting allowable costs** [2CFR Part 200.403]

In order to be paid from Smart Start funds, costs must meet the following general criteria:

- a) Be reasonable and in compliance with these principles.
- b) Conform to any limitations or exclusions set forth in these principles.
- c) Be consistent with policies and procedures of NCPC and the local partnership.
- d) Be treated consistently.
- e) Be adequately documented.

**2. Reasonable costs** [2CFR Part 200.404]

A cost is reasonable if, in its nature or amount, it does not exceed that which would be prudent under the circumstances prevailing at the time the decision is made to incur the cost. In determining the reasonableness of a given cost, consideration shall be given to:

- a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the organization or the performance of services.
- b) The restraints or requirements imposed by such factors as generally accepted sound business practices, fair and open competitive bidding, Federal and State laws and regulations, and terms and conditions of the Smart Start contract or grant agreement.
- c) Whether the individuals concerned acted with prudence in the circumstances, considering their responsibilities to the organization, its members, employees, and clients, the public-at-large, and the State.

**B. Selected Items of Cost**

**ADVERTISING**

**1. Advertising** [2CFR Part 200.421] [NCSL 2018-5 S11B.8. (h)(2)]

The term "advertising costs" means the costs of advertising media. Advertising media include magazines, newspapers, internet, radio and television programs, direct mail, exhibits, and the like.

- a) The following costs are allowable:
  - i. Classified advertising for recruitment of employees;
  - ii. Advertising for the procurement of goods and services;
  - iii. Advertising related to the disposition of property and equipment;
  - iv. Yellow page advertisements that publicize direct services for children, families and providers who serve children and families;

The North Carolina Partnership for Children, Inc.  
**SMART START COST PRINCIPLES**  
**Effective July 1, 2023**

**ALCOHOLIC  
BEVERAGES**

**APPAREL AND  
JEWELRY**

**AUDIT SERVICES**

- v. Display advertisements that publicize direct services for children, families and providers who serve children and families;
- vi. Radio, television and internet advertisements that publicize direct services for children, families and providers who serve children and families; and,
- vii. Listings in community and resource directories.
- b) The following costs are unallowable:
  - i. Yellow page, display, classified, radio, television or internet advertisements other than those to publicize direct services for children, families and providers who serve children and families; and
  - ii. Billboards.
- c) *Also see Section B.25. Promotion and Public Relations.*

**2. Alcoholic Beverages** [2CFR Part 200.423]

Costs of alcoholic beverages are unallowable.

**3. Apparel and Jewelry**

- a) Costs of most apparel are unallowable. Apparel includes, but is not limited to, t-shirts, jackets, aprons and hats. Unallowable apparel includes, but is not limited to:
  - i. T-shirts, polo shirts or other clothing for staff, parents, child care providers, board members, or people in the community; and
  - ii. Apparel for children in child care for special events, such as caps and gowns for a prekindergarten graduation ceremony.
- a) Costs of the following apparel are allowable, if reasonable and necessary as a component of an approved Smart Start service activity:
  - i. Nursing bras;
  - ii. Children's costumes for use in dramatic play and/or cover-ups for use in art projects, cooking, etc.; and
  - iii. Onesies and similar infant clothes.
- b) Costs of jewelry (including watches and charms) are unallowable.

**4. Audit Services** [NCAC Title 09 NCAC 03M .0205] [2CFR Part 200.425]

- a) Costs of audit services are unallowable for local partnerships.
- b) Costs of audit services for direct service providers or grantees are allowable **only** if an audit is required by the State (resulting from total State funding exceeding \$500,000). Costs are allowable **only in the proportion** of revenues that Smart Start represents of the total revenues.

The North Carolina Partnership for Children, Inc.  
**SMART START COST PRINCIPLES**  
Effective July 1, 2023

**BAD DEBTS**

**5. Bad Debts** [2CFR Part 200.426]

Bad debts, including losses (whether actual or estimated) arising from special events or fundraisers, uncollectible accounts and other claims, related collection costs, and related legal costs, are unallowable. *See also Sections B.15. Fund Raising and B.28. Selling and Marketing Expenses.*

**CAPITAL AND  
REPAIR AND  
MAINTENANCE**

**6. Capital and Repair and Maintenance** [NCSL 2018-5 S11B.8.(h)(1)]  
[NCGS143C-1-1(d)(5)]

- a) Capital expenditures are prohibited by legislation and are unallowable.
- b) Capital expenditures are expenditures for capital improvements as defined in G.S. 143C-1-1(d)(5). Capital improvements include “real property acquisition, new construction or rehabilitation of existing facilities, and repairs and renovations over one hundred thousand dollars (\$100,000) in value.”
- c) Costs incurred for improvements which: 1) add to the permanent value of the buildings and/or land; or 2) appreciably prolong the life of the asset, shall be treated as capital expenditures.
- d) Capital “repairs and renovations” are defined to include the following types of projects:
  - i. Roof repairs and replacements;
  - ii. Structural repairs;
  - iii. Repairs to electrical, plumbing, heating, ventilating, and air-conditioning systems;
  - iv. Improvements and renovations to improve use of existing space;
  - v. Improvements to roads, walks, drives, utilities infrastructure;
  - vi. Historical restoration; and
  - vii. Improvements to meet safety or Federal and State standards.
- e) For any project that meets the above definition of capital expenditures, including a total project cost over one hundred thousand dollars (\$100,000), Smart Start funds cannot pay for any portion of that cost.
- f) Costs incurred for necessary, recurring minor maintenance, repair, or upkeep of buildings that do not add to the permanent value of the property or appreciably prolong its intended life, but keep it in an efficient operating condition, are allowable.

**CONDOLENCES**

**7. Condolences**

Costs of condolences, such as flowers, plants, fruit baskets, memorial donations, and the like are allowable only in the following circumstances:

- a) The total cost of the item(s) including delivery or service charge does not exceed \$75; **and** one of the following situations exists:

The North Carolina Partnership for Children, Inc.  
**SMART START COST PRINCIPLES**  
**Effective July 1, 2023**

**CONTRIBUTIONS  
AND DONATIONS**

**LEGAL COSTS**

- i. Condolences to a Partnership employee upon the death of a spouse, parent or step-parent, or child or step-child of the employee;
  - ii. Condolences to the Partnership employee's family in the event of the death of a Partnership employee;
  - iii. Condolences to a Partnership employee in the event of his or her hospitalization;
  - iv. Condolences to a Partnership board member upon the death of a spouse, parent or step-parent, or child or step-child of the board member;
  - v. Condolences to a Partnership board member's family in the event of the death of the board member; or
  - vi. Condolences to a Partnership board member in the event of his or her hospitalization.
- b) Costs of condolences cannot be charged to any services activity.
- c) Costs of condolences are unallowable for direct service providers or grantees.**
- d) *Also see Section B.13. Flowers, Plants and Trees.*

**8. Contributions and Donations** [2CFR Part 200.434]

Contributions and donations to others are unallowable other than memorial donations. *See Sections B.7. Condolences and B.21. Memberships.*

**9. Defense and Prosecution of Criminal and Civil Proceedings, Claims and Appeals** [2CFR Part 200.435]

- a) Legal costs incurred in connection with any criminal, civil or administrative proceeding commenced by the Federal Government, or a State, or local government are not allowable if the proceeding:
- i. Relates to a violation, or failure to comply with, a Federal, State or local statute or regulation; **and**
  - ii. Results in any of the following dispositions:
    - 1. In a criminal proceeding, a conviction.
    - 2. In a civil or administrative proceeding involving an allegation of fraud or similar misconduct, a determination of organizational liability.
    - 3. In the case of any civil or administrative proceeding, the imposition of a monetary penalty.
    - 4. A disposition, by consent or compromise, if the action could have resulted in any of the dispositions described above.
- b) Legal costs incurred in connection with proceedings described in paragraph B.9.a, but which are not made unallowable by that paragraph, are allowable to the extent that they are reasonable and necessary and cannot be recovered from another party.

The North Carolina Partnership for Children, Inc.  
**SMART START COST PRINCIPLES**  
Effective July 1, 2023

**EMPLOYEE  
SALARIES AND  
FRINGE BENEFITS**

- 10. Employee Salaries and Fringe Benefits** [2CFR Part 200.430 and 200.431] [NCSL 2018-5 S11B.8.(c)]
- a) Costs for salaries and wages must be based on documented timesheets approved by a responsible member of the organization.
  - b) Timesheets that reflect the distribution of activity of each employee must be maintained for all staff members (exempt and non-exempt).
  - c) Costs for salaries, wages and benefits must reflect an after-the-fact determination of the actual time spent on each activity. Budget estimates and averaging of salary or benefit costs are not allowed.
  - d) Local Partnership Executive Director salaries and wages must be in compliance with the Salary Schedule developed by NCPC.
  - e) Employee fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as vacation leave, sick leave and the like are allowable.
  - f) Employee fringe benefits in the form of paid parental leave, generally following the birth or adoption of a child, are allowable if reasonable (earned after minimum employment period, and duration of leave and related terms are not excessive).
  - g) Employee fringe benefits in the form of paid family leave are allowable if reasonable (earned after minimum employment period, and duration of leave and related terms are not excessive).
  - h) Employee fringe benefits in the form of extended paid leave other than parental leave or family leave as described above, such as sabbaticals, are unallowable.
  - i) Pension plan costs incurred in accordance with established policies are allowable, provided such policies meet the test of reasonableness and are not discriminatory.
  - j) Employee fringe benefits in the form of gifts are unallowable, with the exception of token items (i.e., value of \$25 or less per item) to recognize Partnership employees for meritorious service (years of service or exemplary performance).
  - k) Costs of fringe benefits in the form of gifts are unallowable for direct service providers or grantees.**
  - l) Continuing benefit costs after termination, such as health insurance, are unallowable for former employees of direct service providers or grantees.**
  - m) Payout upon termination for more than 10 days of accrued vacation, accrued sick leave, and/or accrued paid time off (combined) are unallowable for direct service provider or grantee staff.**
  - n) Also see *Section B.16. Gift Cards*.



The North Carolina Partnership for Children, Inc.  
**SMART START COST PRINCIPLES**  
**Effective July 1, 2023**

**ENTERTAINMENT  
COSTS**

**11. Entertainment Costs** [2CFR Part 200.438]

- a) When designed for the benefit of adults, costs of activities for amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows, amusement parks or sports events; meals and lodging; rentals; and transportation) are unallowable. *Also see Section B.26. Recognition Events.*
- b) Costs of the age-appropriate and developmentally-appropriate entertainment/education for young children are allowable, if reasonable and necessary as a component of an approved Smart Start service activity.

**FINES, PENALTIES  
AND FEES**

**12. Fines, Penalties and Fees** [2CFR Part 200.441]

- a) Costs of fines, penalties or interest resulting from violations of, or failure of the Partnership to comply with Federal, State, and local laws and regulations are unallowable.
- b) Costs of non-sufficient fund (NSF) fees are unallowable.

**FLOWERS, PLANTS  
AND TREES**

**13. Flowers, Plants and Trees**

- a) Costs of flowers, plants and related materials are allowable only if reasonable and necessary as a component of an approved Smart Start service activity (for example, a quality improvement plan for an outdoor learning environment for young children). Allowable materials in such circumstances include, but are not limited to:
  - i. Non-toxic vegetable plants, flowers, seeds, or other garden plants;
  - ii. Fruit trees;
  - iii. Shade trees; and
  - iv. Related planting supplies (soil, stakes, etc.).
- b) Costs of purely decorative flowers, floral arrangements, or plants (live or artificial) are unallowable under any circumstances.
- c) *Also see Section B.7. Condolences.*

**14. Food for Hosted Meetings and Events** [NCBM Chapters 5 & 7]

**FOOD – IN  
GENERAL**

**14.1 Food - In General**

- a) Food purchases include beverages, meals and/or refreshments and snacks.
- b) Purchases of beverages, including coffee and water consumed by employees are unallowable, except when attending hosted meetings and events as described in sections 14.2, 14.3, and 14.5. If coffee or water purchases are made in bulk (e.g., bottled water service in 5-gallon jugs), and used for both allowable hosted meetings and events as well as for employee consumption, the cost must be apportioned between Smart Start and non-Smart Start funds. A justification of the cost apportionment must be

The North Carolina Partnership for Children, Inc.  
**SMART START COST PRINCIPLES**  
**Effective July 1, 2023**

**FOOD - BOARD OR  
COMMITTEE  
MEETINGS**

documented. The intent is to support the most reasonable and economical allocation of the cost of coffee and water consumption. Factors that might be considered are quality of water; number of board, committee and service meetings held; individual bottles of water v. water cooler, etc.

- c) Due care and judgment must be used to ensure that purchases of food are not, or could not be perceived as, unreasonable or excessive with regard to either purpose or cost.
  - i. Per person costs shall be calculated to include all related costs (e.g., all food purchases, gratuities, delivery fees, and prepared food tax, but excluding refundable sales tax). [DCDEE]
  - ii. Per person cost (excluding refundable sales taxes) cannot exceed the established State allowance for refreshments or State per diem for that meal. [DCDEE]
- c) "Required Staff" shall be defined as an employee who, in the regular course of his/her duties, is expected to attend the meeting and any other employee whose presence is necessary to accomplish a purpose of the meeting. [NCBM 5.3.2]
- d) An individual shall not be reimbursed under travel expense reimbursement policies for meal costs when that meal is provided at a meeting or event they attended. [NCBM 7.2]

**14.2 Food - Board or Committee Meetings** [NCBM 7.3]

- a) Costs of food are allowable for Board or Committee meetings.
- b) The number of people for whom meals or refreshments are purchased cannot exceed the number of persons expected to attend.
- c) In addition to Board or Committee members, food for required staff is also allowable.
- d) Documentation of allowable food expenses must include:
  - i. the meeting or event agenda;
  - ii. rationale for providing meals/refreshments (legitimate business purpose; duration);
  - iii. number of persons expected to attend; and
  - iv. calculation of the total cost per person (excluding refundable sales taxes).
- e) **Food costs for Board meetings are unallowable for direct service providers or grantees.**

**FOOD - EMPLOYEE  
TRAINING**

**14.3 Food - Employee Training** [NCBM 7.5; 7.3]

- a) Employee training involves courses that further develop an employee's knowledge, skill, and ability to perform the duties of his/her present job, such as courses on computer usage, management skills development, early childhood education, etc.

The North Carolina Partnership for Children, Inc.  
**SMART START COST PRINCIPLES**  
**Effective July 1, 2023**

**FOOD - STAFF  
MEETINGS AND  
OTHER INTERNAL  
MEETINGS**

- b) Partnerships sponsoring training sessions for employees that are at least 2 hours in duration may provide refreshments for “coffee breaks” provided costs do not exceed the established limit set by the State for refreshments per participant per day.
- c) The number of people for whom refreshments are purchased cannot exceed the number of persons expected to attend.
- d) Documentation of allowable food expenses must include:
  - i. the meeting or event agenda;
  - ii. rationale for providing refreshments (legitimate business purpose; duration);
  - iii. number of persons expected to attend; and
  - iv. calculation of the total cost per person (excluding refundable sales taxes).

**14.4 Food - Staff Meetings and Other Internal Meetings** [NCBM 7.4]

- a) Food may not be purchased for staff meetings/retreats, department meetings, or inter-departmental workgroup meetings, regardless of duration, content, or attendance by an outside party or parties such as Employee Benefits Representative(s) or guest speaker(s).
- b) Refreshments, but not meals, are allowable if the criteria in *Section 14.3. Food - Employee Training* are met.

**FOOD - EXTERNAL  
MEETINGS AND  
CONFERENCES**

**14.5 Food - External Meetings and Conferences** [NCBM 7.3]

- a) External conferences are those that involve the attendance of persons other than the employees of a single entity. Staff meetings, as defined in *14.4. Food - Staff Meetings and Other Internal Meetings*, are not considered External Meetings/Conferences.
- b) The number of people for whom meals or refreshments are purchased cannot exceed the number of persons expected to attend.
- c) If the number of persons expected to attend is determined using a means other than RSVPs, it must be documented how the number was determined, for example, based on historical attendance at similar events.
- d) Food purchases are allowable for activities for which food purchases have a documented legitimate business purpose and are needed to accomplish the purpose of the activity.
- e) In general, events should be planned not to conflict with meal times unless there is a documented legitimate business purpose for planning an event at or during a meal time. For example, hosting a meeting for parents at a meal time may be a legitimate business purpose in order to allow them to attend when not at work. However, holding a meeting between staff and other parties for reason of convenience or personal preference of the participants is not considered a legitimate business purpose for providing meals/refreshments.

The North Carolina Partnership for Children, Inc.  
**SMART START COST PRINCIPLES**  
**Effective July 1, 2023**

**FUND RAISING**

- f) Except for specifically allowed food purchases defined above, food costs are unallowable for business meetings. This includes meetings with one or more existing or potential board member(s), donor(s), service provider(s), grantee(s), staff of other Partnerships, legislator(s), etc. regardless of the purpose or content of the meeting.
- g) Documentation of allowable food expenses must include:
  - i. the meeting or event agenda;
  - ii. rationale for providing meals/refreshments (legitimate business purpose; duration);
  - iii. number of persons expected to attend; and
  - iv. calculation of the total cost per person (excluding refundable sales taxes).
- h) Also see *Sections B.20. Meetings and Conferences and B.26. Recognition Events.*

**15. Fund Raising** [2CFR Part 200.442] [NCSL 2018-5 S11 B.8.(d)]

- a) Costs of organized fund raising for contributions that do not qualify as a Smart Start program match, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred solely to raise capital or obtain contributions, are unallowable.
- b) Costs of fund raising, including financial campaigns and the solicitation of cash and in-kind donations to meet the legislative mandate for program match are allowable.
- c) Costs of fund raising cannot be charged to any services activity, but can be charged to administrative funds.
- d) Losses arising from fund raising events are unallowable. *Also see Section B.5. Bad Debts.*

**GIFT CARDS AND  
OTHER PRE-PAID  
INSTRUMENTS**

**16. Gift Cards and Other Pre-Paid Instruments** [NCBM 6.4.4]

- a) Gift cards may be purchased for use in limited circumstances, such as, but not limited to:
  - i. Incentives or rewards for participants in services activities;
  - ii. Gas cards for participants in services activities to help cover transportation costs; and
  - iii. Token appreciation (i.e., value of \$25 or less per item) for partnership board members as defined in *Section B.17. Goods or Services for Personal Use.*
- b) Pre-paid credit/debit cards are only allowable for token appreciation for partnership board members.
- c) Neither gift cards nor pre-paid credit/debit cards are allowable for employees.
- d) Documentation must be maintained to support the distribution of gift cards or other pre-paid instruments (e.g., an acknowledgement sheet signed by the 12 parents receiving gift cards for attending a training).

The North Carolina Partnership for Children, Inc.  
**SMART START COST PRINCIPLES**  
Effective July 1, 2023

**GOODS OR  
SERVICES FOR  
PERSONAL USE**

- e) Under no circumstances may gift cards or other pre-paid instruments be used to subvert or circumvent normal purchasing procedures.

**17. Goods or Services for Personal Use** [2CFR Part 200.445] [NCBM 6.4.2]

The term “goods or services for personal use” includes beach mats, umbrellas, coolers, tote bags, pen sets, lotions, and other “giveaway” items.

- a) Costs of goods, equipment or services for personal use are unallowable, with the exception of token items (i.e., value of \$25 or less per item) for partnership board member appreciation or employee recognition for meritorious service (years of service or exemplary performance).
- b) Costs of goods, equipment or services for personal use by or for young children are allowable if reasonable and necessary as a component of an approved Smart Start service activity. These items include, but are not limited to: thermometers, bibs, diapers, sippy cups, educational books and toys that are developmentally appropriate for the recipients.
- c) Costs of reasonably-priced items to be used by adults are not considered “personal use” items if the use is reasonable and necessary as a component of an approved Smart Start service activity. These items include, but are not limited to: tote bags to hold educational materials, portfolios for professional development note-taking, pens and highlighters. These items are considered to be approved service items. (See also *Section B.25. Promotion and Public Relations* regarding items with logos.)
- d) Also see *Sections B.10. Employee Salaries and Fringe Benefits; B.16. Gift Cards; and B.26. Recognition Events.*

**INTEREST**

**18. Interest** [2CFR Part 200.449]

- a) Interest costs on borrowed capital (other than credit card interest) or for the use of funds borrowed from the organization’s non-Smart Start funds are unallowable.
- b) Rare credit card interest charges, in justifiable and documented circumstances, are allowable.
- c) Interest on debt incurred subsequent to June 30, 2001, to acquire or replace capital assets is unallowable.
- d) Interest on debt incurred prior to July 1, 2001 to acquire or replace capital assets is allowable.
- e) See *Section B.6. Capital and Repair and Maintenance*, for the definition of “capital.”
- f) **Interest costs are unallowable for direct service providers or grantees.**

The North Carolina Partnership for Children, Inc.  
**SMART START COST PRINCIPLES**  
**Effective July 1, 2023**

**LOBBYING**

**19. Lobbying** [2CFR Part 200.450]

a) Costs associated with the following activities are unallowable:

- i. Attempts to influence the outcomes of any Federal, State, or local election, referendum, initiative, or similar procedure, through in-kind or cash contributions, endorsements, publicity, or similar activity;
- ii. Establishing, administering, contributing to, or paying the expenses of a political party, campaign, political action committee, or other organization established for the purpose of influencing the outcomes of elections;
- iii. Any attempt to influence: (1) the introduction of Federal or State legislation; or (2) the enactment or modification of any pending Federal or State legislation through communication with any member or employee of the Congress or State legislature (including efforts to influence State or local officials to engage in similar lobbying activity), or with any Government official or employee in connection with a decision to sign or veto enrolled legislation;
- iv. Any attempt to influence: (1) the introduction of Federal or State legislation; or (2) the enactment or modification of any pending Federal or State legislation by preparing, distributing or using publicity or propaganda, or by urging members of the general public or any segment thereof to contribute to or participate in any mass demonstration, march, rally, fundraising drive, lobbying campaign or letter writing or telephone campaign; or
- v. Legislative liaison activities, including attendance at legislative sessions or committee hearings, gathering information regarding legislation, and analyzing the effect of legislation, when such activities are carried on in support of or in knowing preparation for an effort to engage in unallowable lobbying.

b) The following activities are excepted from the coverage of paragraph B.19.a:

- i. Providing a technical and factual presentation of information on a topic directly related to the performance of the Smart Start Program through hearing testimony, statements or letters to the Congress or a State legislature, or subdivision, member, or cognizant staff member thereof, in response to a documented request made by the recipient member, legislative body or subdivision, or a cognizant staff member thereof;
- ii. Educating any member of the public about the work of, and services provided by, the Partnership;
- iii. Any lobbying made unallowable by paragraph B. 19.a (iii) to influence State legislation in order to directly reduce the

The North Carolina Partnership for Children, Inc.  
**SMART START COST PRINCIPLES**  
**Effective July 1, 2023**

**MEETINGS AND  
CONFERENCES**

- cost, or to avoid material impairment of authority to perform Smart Start services;
- iv. Any activity specifically authorized by statute to be undertaken with Smart Start funds; and
- v. Communications with any legislative body whose actions might affect the organization's existence, powers and duties, tax-exempt status, or the deductibility of contributions.

**20. Meetings and Conferences** [2CFR Part 200.432] [NCBM 5.2.5]

- a) Costs associated with the conduct of meetings and conferences include the cost of renting facilities, meals, speakers' fees, etc.
- b) To the extent that these costs are identifiable with a specific service activity, they should be charged to that activity. These costs are allowable, provided that they have a legitimate business purpose and the event(s) is/are identified in the contract activity description (CAD).
- c) Due care and judgment must be used to ensure that meeting and conference costs are not, or could not be perceived as, unreasonable or excessive with regard to either purpose or cost.
- d) Penalties or charges resulting from the cancellation of a meeting or conference, in the event of critical circumstances beyond the control of the host, are allowable.
- e) Also see *Sections B.11. Entertainment Costs and B.14. Food for Hosted Meetings and Events*.

**MEMBERSHIPS**

**21. Memberships** [2CFR Part 200.454]

- a) Costs of memberships in civic or community organizations that provide benefits to the organization, such as training and networking, are allowable.
- b) Costs of memberships in any country club or social or dining club or organization are unallowable.
- c) Costs for charitable or political donations that are invoiced with membership dues are unallowable; also see *Section B. 8. Contributions and Donations*.
- d) Costs of memberships for lobbying or advocacy, as well as lobbyist registration fees, are unallowable.
- e) Due care and judgment must be used to ensure that membership costs are not, or could not be perceived as, unreasonable or excessive with regard to either purpose or cost.

**PARTICIPANT  
COSTS**

**22. Participant Costs** [2CFR Part 200.456]

- a) Participant support costs are costs for items such as stipends, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in conjunction with meetings, conferences, or training.
- b) These costs are allowable as part of an approved service activity.

The North Carolina Partnership for Children, Inc.  
**SMART START COST PRINCIPLES**  
Effective July 1, 2023

**PATENTS,  
ROYALTIES AND  
COPYRIGHTS  
PROFESSIONAL  
SERVICES COSTS**

**23. Patents, Royalties and Copyrights** [2CFR Part 200.448]

Costs related to patents, royalties and copyrights are allowable with prior NCPC approval.

**24. Professional Services Costs** [2CFR Part 200.459]

- a) Costs of professional and consultant services provided by persons who are members of a particular profession or possess a special skill, and **who are not also officers or employees of the organization to which services are provided**, are allowable **subject to Sections 24.b. and 24.c.** when reasonable.
- b) In determining the allowability of costs in a particular case, the following factors are relevant:
  - i. The nature and scope of the services rendered in relation to the service required;
  - ii. The necessity of contracting for the service, considering the organization's capacity;
  - iii. Whether the service can be performed more economically by direct employment rather than contracting; and
  - iv. Adequacy of the contractual agreement for the service (e.g., description of the service, estimate of time required, rate of compensation, and termination provisions).
- c) Allocation or assignment of costs among activities must be based on documented distributions approved by a responsible member of the organization.
- d) For professional services contracts with individuals, the organization must comply with Internal Revenue Service regulations regarding the determination of the status of the individual as an independent contractor versus an employee.

**PROMOTION AND  
PUBLIC RELATIONS**

**25. Promotion and Public Relations** [NCSL 2018-5 S11B.8.(h)(2)] [2CFR Part 200.421 and 200.461]

- a) Pursuant to Smart Start legislation, expenditures of Smart Start funds for promotional activities are unallowable. Promotional activities are those that promote the Smart Start Initiative and/or organization in a general manner and do not publicize specific available services or provide educational information about early care and education.
- b) Also see *Section B.1. Advertising*.
- c) The terms "promotion" or "public relations" include community relations and means those activities dedicated to maintaining the image of the organization or maintaining or promoting understanding and favorable relations with the community or public at large or any segment of the public.
- d) Costs associated with the development or design of a logo, including separately billed "set-up" fees, are unallowable.



The North Carolina Partnership for Children, Inc.  
**SMART START COST PRINCIPLES**  
**Effective July 1, 2023**

- e) Other costs associated with the printing of logos on various items are allowable in the following circumstances:
  - i. Signs, banners and display boards that also include contact information for services to children, families, or providers who serve children and families; and
  - ii. Other materials that include printing where the addition of the logo does not increase the total cost.
- f) Costs associated with the following items are allowable:
  - i. Communicating with the public and press pertaining to specific activities or accomplishments which result from performance of the Smart Start Initiative (these costs are considered necessary as part of the outreach effort);
  - ii. Conducting general liaison with news media and government officials, to the extent that such activities are limited to communication and liaison necessary to keep the public informed on matters of public concern, such as notices of contract/grant awards, financial matters, etc.;
  - iii. Sponsorship of, or participation in, community health fairs or children's fairs that focus on the provision of service to parents and children, including reasonable costs of signage to publicize the partnership's sponsorship of, or participation in, the event;
  - iv. Parent and provider education materials or online media (parent education videos, educational displays, resource guides, resources for "Welcome Baby" packets, etc.);
  - v. Newsletters, educational brochures and annual reports;
  - vi. Websites;
  - vii. Advertisements, billboards, newspaper inserts, radio or television announcements, and online media that publicize direct services for children, families or providers who serve children and families;
  - viii. Advertisements, billboards, newspaper inserts, radio or television announcements, and online media that provide educational information about early care and education;
  - ix. Signage for quality improvement items purchased for child care centers, libraries, etc. (labels for books or signage that provides information that Smart Start provided the service); and
  - x. Outreach display items, including, but not limited to: display boards, posters, tablecloths designed for outreach displays, and the like, provided the items include contact information. Contact information is defined as a website, QR code, phone number, email address, or similar information allowing people to connect to services.
- g) The following costs for general promotion are unallowable:

The North Carolina Partnership for Children, Inc.  
**SMART START COST PRINCIPLES**  
**Effective July 1, 2023**

- i. Costs of meetings or other events related to general promotional activities including:
  - 1. Displays, posters, banners, demonstrations, and exhibits; and
  - 2. Costs of meeting rooms, hospitality suites, and other special facilities used in conjunction with shows and other promotional events;
- ii. General promotional videos (not parenting videos);
- iii. Public relations consultants for general promotion of the partnership; and
- iv. Advertisements, newspaper inserts, and radio or television announcements other than those that publicize direct services for children, families, or providers who serve children and families, or provide educational information about early care and education.
- h) The following costs of promotional items and memorabilia (with or without a logo) are unallowable, including, but not limited to:
  - i. "Giveaway" items, including but not limited to, lunch bags, umbrellas, coffee mugs, stadium cups, license plates, stress balls, frisbees, etc.; and
  - ii. Jewelry.
- i) Due care and judgment must be used to ensure that public relation costs are not, or could not be perceived as, unreasonable or excessive with regard to either purpose or cost.

**RECOGNITION  
EVENTS**

**26. Recognition Events**

- a) Recognition events are defined as events to recognize individuals or agencies for performance. Costs associated with recognition events include the cost of renting facilities, meals, speakers' fees and the like.
- b) To the extent that these costs are identifiable with a specific service activity, they should be charged to that activity. These costs are allowable, provided that they have a documented legitimate business purpose and the event is identified in the contract activity description (CAD).
- c) Due care and judgment must be used to ensure that recognition events are not, or could not be perceived as, unreasonable or excessive with regard to either purpose or cost.
- d) *Also see Sections B.2. Alcoholic Beverages; B.11. Entertainment Costs; B.14. Food for Hosted Meetings and Events; B.16. Gift Cards and Other Pre-Paid Instruments; and B.17. Goods or Services for Personal Use.*

**RENTAL COSTS**

**27. Rental Costs** [2CFR Part 200.465]

- a) Rental costs are allowable to the extent that the rates are reasonable in light of such factors as: rental costs of comparable property, if any; market conditions in the area; alternatives

The North Carolina Partnership for Children, Inc.  
**SMART START COST PRINCIPLES**  
**Effective July 1, 2023**

**SELLING AND  
MARKETING  
EXPENSES**

available; and the type, life expectancy, condition and value of the property leased.

- b) Rental costs under “sale and leaseback” arrangements are allowable only up to the amount that would be allowed had the partnership continued to own the property.

**28. Selling and Marketing Expenses**

- a) Costs of selling and marketing any products or services must be netted against any income derived.
- b) Losses on sales of products or services are unallowable. Also see *Section B.5. Bad Debts*.

**SEVERANCE PAY**

**29. Severance Pay** [2CFR Part 200.431]

- a) Severance pay is a payment to employees whose employment is being involuntarily terminated. Severance pay is defined as an additional payment upon termination other than regular salaries and wages or vacation and sick leave payouts.
- b) Reasonable costs of severance pay are allowable only to the extent that in each case, it is required by (i) law, (ii) employer-employee contractual agreement; or (iii) policy approved by the Partnership Board of Directors in place at time of termination.
- c) **Costs of severance pay are unallowable for direct service providers or grantees.**
- d) *Also see Section B.10. Employee Salaries and Fringe Benefits.*

**TRAVEL – IN  
GENERAL**

**30. Travel - In General** [NCBM Chapter 5]

- a) Travel status means being away from the employee's normal duty station or home and, while traveling, the employee must be acting in his/her official capacity as required by his/her work activities. [NCBM 5.2.1]
- b) An employee traveling on official business is expected to exercise the same care in incurring expenses that a prudent person would exercise if traveling on personal business and expending personal funds. Excess costs, circuitous routes, delays, or luxury accommodations and services unnecessary, unjustified, or for the convenience or personal preference of the employee in the performance of official business are prohibited. [NCBM 5.0.2]
- c) Charges for recreation fees, such as movies and gym use, are unallowable.
- d) Employees will be responsible for unauthorized costs and any additional expenses incurred for personal preference or convenience. [NCBM 5.0.2; 5.1.2]
- e) Mileage is measured from the closer of duty station or point of departure to destination (and return). [NCBM 5.2.13]

The North Carolina Partnership for Children, Inc.  
**SMART START COST PRINCIPLES**  
**Effective July 1, 2023**

- f) No reimbursement shall be made for the use of a personal vehicle in commuting from an employee's home to his/her duty station. [NCBM 5.2.17]
- g) When an employee travels extra miles for a business-related purpose while commuting to or from home, the extra miles beyond their normal commute are reimbursable.
- h) The maximum allowable mileage reimbursement rate for the use of a personal vehicle is the rate set by the State. [NCBM 5.2.13]
- i) Travel costs are the expenses for transportation, subsistence (lodging and meals), and related items (such as toll costs) incurred by individuals traveling on business.
- j) The maximum allowable payment for subsistence (lodging and meals) shall be the rates set by the State. [NCBM 5.2.1].
- k) Any request for meal reimbursement must list departure and arrival times. [NCBM 5.2.10]
- l) Payment for meals is unallowable if the meal is provided during a conference or workshop, or if the cost of the meal is included in the registration fee. [NCBM 5.2.10]
- m) Use of personal vehicles versus rental vehicles: It is the intent that travel shall be conducted in a cost-effective and efficient manner. The actual cost of a standard class vehicle rental (and related costs such as fuel) is allowable when cost-effective. Partnerships shall establish policies and procedures that promote efficient travel for partnerships and their subcontractors/grantees.
- n) Parking expenses are reimbursable while in the course of conducting Partnership business as long as such expenses are determined reasonable and clearly show that there was care taken to keep the costs to the State as low as possible. Any parking rates considered excessive and only for the convenience of the traveler will not be reimbursable. [NCBM 5.2.19]
- o) Reimbursable gratuity or tips must be considered reasonable for items that are not already covered under subsistence. Excessive tips will not be reimbursed. A reasonable tip would be one that a prudent person would give if traveling or conducting personal business and expending personal funds.
- p) Penalties and charges resulting from cancellation: Penalties and charges resulting from the cancellation of travel reservations (including airline, hotel, or other travel reservations and conference registration) shall be the Partnership's obligation if the employee's travel has been approved in advance and the cancellation or change is made at the direction of and/or for the convenience of the Partnership. If the cancellation or change is made for the personal benefit of the employee, it shall be the employee's obligation to pay the penalties and charges. However, in the event of accidents, serious illness, or death within the employee's immediate family or other critical circumstances

The North Carolina Partnership for Children, Inc.  
**SMART START COST PRINCIPLES**  
**Effective July 1, 2023**

beyond the control of the employee, the Partnership may pay the penalties and charges. [NCBM 5.2.5]

- q) Reimbursement for air, rail, or bus fare is limited to actual coach fare, substantiated by receipt. Reimbursement for check-in fees is limited to actual costs substantiated by receipt. Due care should be taken to obtain economical rates. [NCBM 5.2.20]
- r) The actual costs of taxi and shuttle service fares, including trips to/from airports or train/bus stations, are reimbursable when required for travel on Partnership business. The request must be documented with a receipt. The use of public transportation is reimbursable for actual costs with a receipt. [NCBM 5.2.26; 5.2.27; 5.2.28]
- s) Attendance by multiple employees at out-of-state conferences should be limited. Staff attending should share information with other staff.
- t) International travel is unallowable.

**TRAVEL – DAILY**

**31. Travel - Daily**

An employee may receive payment for lunch during daily travel only when the employee's job requires attendance at a meeting or event in his/her official capacity and the meal is preplanned and involves persons not employed by the same entity. Preplanned meals are those that are referenced in the meeting announcement, registration, agenda, or the like. [NCBM 5.2.9] [DCDEE]

**TRAVEL –  
OVERNIGHT**

**32. Travel - Overnight**

- a) Subsistence is an allowance consisting of lodging and meal costs, including gratuities. [NCBM 5.2.1]
- b) Overnight travel must involve a travel destination located at least 35 miles from the employee's regularly assigned duty station or home, whichever is less, to receive approved reimbursement. "Duty station" is defined as the location where the employee is assigned. Prior written approval by the Executive Director or his/her designee must be obtained in order to qualify for reimbursement for overnight travel. [NCBM 5.2.2]
- c) Every effort should be made to obtain the State rate for lodging. Excess lodging is allowed when: the employee is in a high cost area and unable to secure lodging within the current allowance; cost of excess lodging is less than the cost of lower cost lodging plus transportation costs; or when the employee or agency deems that lower cost lodging would put the employee at risk for safety or security. [NCBM 5.2.3] Excess lodging may be allowed for other documented legitimate business purposes, if the cost is reasonable (not excessive).

The North Carolina Partnership for Children, Inc.  
**SMART START COST PRINCIPLES**  
**Effective July 1, 2023**

- d) Excess lodging authorization is not allowed for reason of convenience or personal preference for the employee. [NCBM 5.2.3]
- e) Excess lodging authorization must be obtained in advance from the partnership Executive Director or his/her designee in order to be reimbursed for actual costs that exceed the State rate. [NCBM 5.2.3]
- f) The payment of sales tax, lodging tax, local tax, or service fees applied to the cost of lodging is allowed in addition to the lodging rate. [NCBM 5.2.1]
- g) Employees may be reimbursed for meals, including lunches, while on official business and in overnight travel status. [NCBM 5.2.6]
- h) Employees may be reimbursed for meals for partial days of travel when in overnight travel status and the partial day is the day of departure or the day of return. The following applies:
  - i. Breakfast: depart duty station prior to 6:00 am.
  - ii. Lunch: depart duty station prior to Noon (day of departure) or return to duty station after 2:00 p.m. (day of return).
  - iii. Dinner: depart duty station prior to 5:00 p.m. (day of departure) or return to duty station after 8:00 p.m. (day of return). [NCBM 5.2.6]
- i) If the organization's policy requires actual meal reimbursement from receipts as opposed to per diem amounts, State per diem amounts for allowable meals cannot be exceeded. However, if one or more actual meal receipts exceed the related per diem(s), reimbursement is allowed up to the combined limit for reimbursable meals that day. [DCDEE]
- j) Payment for breakfast for travel away from home or duty station on business is allowable even if the lodging establishment offers a free continental breakfast. [NCBM 5.2.10]

## RESOURCES

### C. Resources

There are many authoritative rules that Smart Start must comply with, including legislation (both NC General Statutes and Uncodified Session Law), the State Budget Manual issued by the NC Office of State Budget and Management (OSBM), and relevant Cost Principles issued by the Federal Office of Budget and Management (OMB).

Effective July 1, 2005, the State adopted administrative rules, Title 09 NCAC 03M, "Uniform Administration of State Grants," applicable to non-State entities that receive grants of State funds. These rules provide that Federal OMB Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments," be used to determine allowable uses of State funds.

The North Carolina Partnership for Children, Inc.  
**SMART START COST PRINCIPLES**  
**Effective July 1, 2023**

2CFR Chapter 2 – Office of Management and Budget Guidance Part 200 “Uniform administrative requirements, cost principles, and audit requirements for Federal awards”, should be used by not-for-profit organizations.

These Cost Principles incorporate the relevant provisions of each of the aforementioned guidelines, and where appropriate, citations are provided to indicate the source of the rule or concept. These Cost Principles also reflect NCPC policies, accumulated guidance from the Office of the State Auditor (OSA) and DCDEE, and best practices in areas of fiscal accountability.

**CONTRACT COMPLIANCE ACKNOWLEDGEMENT**  
**CONTRACT #2026-512**

By signing this acknowledgement, the undersigned agree that they have read and will comply with the Smart Start Cost Principles.

By signing this acknowledgement, the undersigned agree that they have read and will comply with the Contract Activity Description (CAD) outlined in Attachment I to the contract referenced above.

By signing this acknowledgement, the undersigned agree that they have read and will comply with the budget (and budget narrative, if applicable) outlined in Attachment II to the contract referenced above.

**ACKNOWLEDGEMENT(S)**

**Guilford County On Behalf Of Guilford County Department Of Health And Human Services –  
Department Of Public Health**

**By:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
*Victor Isler, Guilford County Manager*