

**CHART OF ACCOUNTS FOR LOCAL PARTNERSHIPS  
EXPANDED DESCRIPTIONS**

July 1, 2020 (latest updates in blue font)

**Account Classes  
(FASB Codes)**

**Account Classes are used to classify the organization's net assets in accordance with generally accepted accounting principles based on the presence or absence of donor restrictions.**

**1-XXX-XXXX-XXX-XXXX - Unrestricted**

Used to classify assets that have neither temporary nor permanent restrictions. It is allowable to classify assets for which temporary restrictions are satisfied within the same accounting period (year) as unrestricted.

**2-XXX-XXXX-XXX-XXXX - Temporarily Restricted**

Used to classify assets that have donor-imposed stipulations that either expire with time or can be fulfilled or removed by actions of the organization. Examples may include donations with the stipulation that the assets be preserved for a period of time or that the assets be used for a specified purpose (e.g., grant from local hospital that must be used to purchase medical supplies).

**3-XXX-XXXX-XXX-XXXX - Permanently Restricted**

Used to classify assets that have donor-imposed stipulations that neither expire with time nor can be fulfilled or removed by actions of the organization. An example would be an endowment fund whereby the principal is maintained for investment purposes and the interest earnings may be available for use. This FASB code is rarely used.

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### Fund Codes

**Fund Codes are used to identify transactions by functional classifications. A fund is defined as “an accounting entity established for the purpose of accounting for resources used for specific activities or objectives in accordance with special regulations, restrictions, or limitations.” In instances where costs benefit more than one fund, it may be necessary to assign or allocate the costs to two or more funds.**

### Smart Start Fund Codes

<b>Fiscal Year</b>	<b>Admin/General Fund Code -</b> Used to account for transactions that are identifiable to the Smart Start Initiative and are part of the approved administrative budget.	<b>Services Fund Code –</b> Used to account for transactions that are identifiable to the Smart Start Initiative and are part of the approved services budget for services the LP provides.
2014-2015	137	138
2015-2016	139	140
2016-2017	141	142
2017-2018	143	144
2018-2019	145	146
2019-2020	147	148
2020-2021	149	150
2021-2022	151	152
2022-2023	153	154
2023-2024	155	156
2024-2025	157	158
2025-2026	159	160
2026-2027	161	162
2027-2028	163	164

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### X-2XX-XXXX-XXX-XXXX - Other State Grants

Used to account for grants, other than Smart Start, awarded by the State. Separate funds should be established for each grant to demonstrate compliance with the grant agreement. The LP may begin with fund number 201 and number consecutively. This series of funds is also used for MAC grants from NCPD as well as [NC Pre-Kindergarten \(formerly More at Four\)](#) funds.

### X-3XX-XXXX-XXX-XXXX - Federal Grants

Used to account for grants from the Federal Government and for grants from the Federal Government that flow through the State, such as federal Regional CCR&R grants passed through the Division of Child Development & [Early Education](#). The LP should obtain the CFDA number for all sources of Federal funds. Separate funds should be established for each grant to demonstrate compliance with the grant agreement. The LP may begin with fund number 301 and number consecutively.

### X-4XX-XXXX-XXX-XXXX - Local Government Grants

Used to account for grants from local governmental agencies. Separate funds should be established for each grant to demonstrate compliance with the grant agreement. The LP may begin with fund number 401 and number consecutively.

### X-5XX-XXXX-XXX-XXXX - Private Gifts and Grants

Used to account for private gifts and grants. It is the local partnership's decision as to whether a separate fund should be established for each gift or grant. Generally, if the gift or grant is provided with restrictions as to the purposes, a separate fund should be established to demonstrate compliance with those restrictions or that the purpose was achieved. The LP may begin with fund number 501 and number consecutively. The local partnership should always consider donor compliance and reporting requirements before commingling funds. The expenditure of these funds should follow the appropriate purpose/service code structure as defined in the Chart of Accounts.

### X-8XX-XXXX-XXX-XXXX - Program Income, Sales Taxes and Other Income

Used to account for Program Income, Sales Taxes, Other Income, and Revenues and Expenses associated with Fund-Raising activities. Program Income includes, but is not limited to income from:

- services rendered;
- the use or rental of real or personal property acquired with State funds;
- sale of commodities or items purchased using State funds; and
- interest earned on State-funded deposits.

Interest earned on Smart Start funds would be an example of Smart Start Program Income. Interest earned on private funds and revenues generated by non-Smart Start activities would be examples of Other Income.

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To maintain consistency, interest earned on Smart Start funds should be recorded in fund number 898.

Sales tax refunds and expenses should be recorded in fund number 897.

### X-9XX-XXXX-XXX-XXXX - Other Sources Including Agency Transactions

Used to account for certain MAC funds and for agency transactions. Agency transactions include those where the LP acts as a third-party fiscal administrator for another entity, and the LP has no discretion over the disbursement of funds. The LP may also use a 9XX fund to account for employee payroll withholdings.

Please note that, other than those funds used by MAC Lead sites for MAC transactions and employee payroll withholdings, all receipts and disbursements should be accounted for using balance sheet accounts 2910 (receipts) and 2920 (disbursements). Contact NCPC for guidance regarding the use of 9XX funds.

### Purpose/Service Codes

**Purpose/Service Codes are used to designate the location of accounts on the financial statements of the not-for-profit organization, (i.e., asset, liability, net asset, revenue, expense) and to facilitate accurate reporting to the Legislature.**

### X-XXX-0001-XXX-1XXX - Assets

1XXX represents all accounts that provide economic benefit to the organization. The only assets that should be recorded are cash, investments and “Funds Due from Contractors.” *Note: A purpose/service code of “0001” is used with all asset general ledger accounts.*

### X-XXX-0001-XXX-2XXX - Liabilities

2XXX represents all accounts that represent obligations of the not-for-profit organization whether due to outside entities (external obligations) or to other funds (internal obligations). The only liabilities that should be recorded are “Funds Held for Others” and amounts “Due to the State.” *Note: A purpose/service code of “0001” is used with all liability general ledger accounts.*

### X-XXX-0001-XXX-3XXX - Net Assets

3XXX represents all accounts that accumulate the excess/deficit of revenues and gains over expenses and losses. Generally, an entry is only made to these accounts at the end of each fiscal year unless the not-for-profit organization

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needs to correct an error that occurred in a prior accounting period. *Entries to these accounts are generally posted by the system and are only rarely posted by other journal entries.* Net Assets are classified by donor-imposed restrictions (unrestricted, temporarily restricted or permanently restricted) on those assets. *Note: A purpose/service code of "0001" is used with all net asset general ledger accounts.*

1-XXX-0001-XXX-311X - Unrestricted Net Assets

2-XXX-0001-XXX-312X - Temporarily Restricted Net Assets

3-XXX-0001-XXX-313X - Permanently Restricted Net Assets (rarely used)

### X-XXX-0002-XXX-4XXX - Revenues and Gains

4XXX represents all accounts that measure gross income from the receipt of grants, or income from delivering or producing goods, rendering services, or other earning activities. Examples may include grants, lending library membership dues, interest earnings, contributions, and proceeds from sales of items. Also, gains resulting from the sale of assets such as investments are included in this account. Because the local partnerships are on the cash basis of accounting, expenses are recognized when paid and revenues are recognized when received. *Note: A purpose/service code of "0002" is used with revenue general ledger accounts.*

### X-XXX-XXXX-XXX-5XXX - Expenses and Losses

#### X-XXX-XXXX-XXX-6XXX

5XXX and 6XXX represent all accounts used to record expenses that result from providing services or other activities of the not-for-profit organization. Examples include costs of personnel, supplies, and rent. Also, losses resulting from the sale of assets such as investments are included. Because the local partnerships are on the cash basis of accounting, expenses are recognized when paid. *Note: If the last four digits (general ledger account number) are 5XXX or 6XXX, then the middle four digits (purpose/service code) must be appropriately assigned purpose/service codes. Refer to the current Purpose/Service Codes list issued by NCPC.*

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### General Ledger Accounts

**General Ledger Accounts are used to identify the specific type of asset, liability, net asset, revenue or expense account for each transaction.**

### Assets

#### X-XXX-0001-999-11XX - Cash and Cash Equivalents and Investments

These accounts are used to record amounts that represent cash, either on-hand or on-deposit, and cash items that could be converted to cash easily and without significant risk of a loss occurring. "Cash and Cash Equivalents" include currency, coins, checks, money orders, interest-bearing checking accounts, and money market accounts. It also includes undeposited cash for change funds and petty cash funds.

"Investments" include certificates of deposits with original maturities greater than 90 days, stocks, bonds and mutual funds.

#### X-XXX-0001-999-111X - Checking Accounts

This account is used to record cash on deposit in a checking account with a bank.

#### X-XXX-0001-999-112X - Petty Cash and Change Funds

This account is used to record cash used for petty cash funds and change funds.

#### X-XXX-0001-999-113X - Savings Accounts, Money Market Accounts, Certificates of Deposit, Money Market Funds, Investments, Etc.

This account is used to record funds on deposit with banks and other financial institutions in the forms of savings accounts, money market accounts, certificates of deposit, stocks, bonds, etc.

#### X-XXX-0001-999-1140 - Payroll Account

This account is used to record payroll in a second checking account that is designated for payroll purposes only.

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#### X-XXX-0001-999-1350 - Funds Due from Contractors

This account represents amounts due from subcontractors of the local partnership and is **one of only four acceptable modifications to the cash basis of accounting for Smart Start financial statement presentation purposes.**

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### Liabilities

#### X-XXX-0001-999-21XX - Accounts Payable

These accounts are used to record current liabilities that represent debts or other legal obligations arising from transactions in the past which must be liquidated, renewed, or refunded at some future date within a relatively short period, usually no longer than a year. Because the local partnerships are on the cash basis of accounting, these accounts must have a zero balance as of the end of each fiscal year.

#### X-XXX-0001-999-2110 - Accounts Payable - Vendors

This account is used to record the liabilities for goods and services that have either been received or provided. Because the local partnerships use the cash basis of accounting, this account must have a zero balance as of the end of each fiscal year.

Please note that the MIP accounting software does not allow a journal entry to this account. Any entries must be processed through the accounts payable module.

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#### X-XXX-0001-999-22XX - Funds Held for Others -- Payroll Withholdings

These accounts are used to record the liabilities for employee payroll withholdings. These accounts may qualify as “Funds Held for Others” when they are related to EMPLOYEE PAYROLL WITHHOLDINGS and may have a balance at year-end, since they represent **one of only four acceptable modifications to the cash basis of accounting for Smart Start financial statement presentation purposes.**

#### X-XXX-0001-999-222X - Social Security Withholding

The balance in this account represents the liability for Social Security and Medicare (FICA) taxes withheld from *employees'* salaries and wages that have not yet been remitted to the IRS (or local banking institution).

#### X-XXX-0001-999-223X - Retirement Contribution

The balance in this account represents the liability for contributions to a retirement plan withheld from *employees'* salaries and wages that have not yet been remitted to the plan trustee.

#### X-XXX-0001-999-224X - Disability/Health/Life Insurance

The balance in this account represents the liability for disability, health and/or life insurance withheld from *employees'* salaries and wages that have not yet been remitted to the insurance carrier. Disability insurance costs should be itemized

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under -2241, health insurance under -2242, dental insurance under -2243, and life insurance under -2244, when possible.

### X-XXX-0001-999-227X - State Withholding Tax

The balance in this account represents the liability for State taxes withheld from *employees'* salaries and wages that have not yet been remitted to the State.

### X-XXX-0001-999-228X - Federal Withholding Tax

The balance in this account represents the liability for federal taxes withheld from *employees'* salaries and wages that have not yet been remitted to the IRS (or local banking institution).

### X-XXX-0001-999-229X - Other Payroll Withholdings

The balance in this account represents the temporary liability for other payroll deductions, such as garnishments, due to organizations that have not yet been remitted.

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### X-XXX-0001-999-231X - Funds Held for Others -- Deposits

The balance in this account represents the liability for any refundable deposits (such as a rent deposit) that the LP has collected from others.

### X-XXX-0001-999-232X - Funds Held for Others -- Miscellaneous

The balance in this account represents funds held for others that are not classified above.

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### X-1XX-0001-999-2412 – Due To The State

This account represents amounts due to NCPC from the local partnership at year-end and is **one of only four acceptable modifications to the cash basis of accounting for Smart Start financial statement presentation purposes.**

### X-9XX-0001-999-29XX - Funds Held for Others -- Agency Transactions

Please contact NCPC before using these accounts.

### X-9XX-0001-999-291X - Agency Transactions - Received

### X-9XX-0001-999-292X - Agency Transactions - Disbursed

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### Net Assets

#### X-XXX-0001-999-31XX - Net Assets

These accounts represent the accumulated excess/(deficit) of revenues and gains over expenses and losses (Assets - Liabilities = Net Assets) from the inception of the not-for-profit organization. Generally, these accounts, referred to as equity accounts, are updated annually when the revenue and expense accounts are closed in the accounting system. Journal entries, other than audit entries, to these accounts should rarely be made. As required by SFAS 117, and as noted below, net assets are categorized by the status of donor-imposed restrictions at year-end.

#### 1-XXX-0001-999-311X - Unrestricted Net Assets

This account is used to record the balance of unrestricted net assets (unrestricted assets less unrestricted liabilities). The limits on the use of unrestricted net assets result from the nature of the organization, the environment in which it operates, the purposes specified in its articles of incorporation or bylaws, etc. Temporarily restricted assets and transactions may be recorded as unrestricted when the restrictions will be satisfied within the same fiscal year in which the funds were received.

#### 2-XXX-0001-999-312X - Temporarily Restricted Net Assets

This account is used to record the balance of temporarily restricted net assets. Donors' temporary restrictions may require that resources be used in a later period or after a specified date (time restrictions), or that resources be used for a specified purpose (purpose restrictions), or both.

#### 3-XXX-0001-999-313X - Permanently Restricted Net Assets

This account is used to record the balance of permanently restricted net assets. Permanently restricted assets have donor-imposed restrictions that do not expire with time or with the completion of activities that fulfill a purpose.

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### Revenues and Gains

#### X-XXX-0002- 999-41XX - State Grants

These accounts are used to record receipts from grants from the State of North Carolina. Generally, reimbursement for cost-reimbursement grants are received as a result of incurring qualifying expenses. In this context, qualifying expenses refer to expenses that are allowed by the grant award or regulations, are allocable to the grant, and are reasonable and necessary to meet the objectives of the program. These are referred to as "reimbursable expenses." Separate funds should be established for each State grant.

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X-XXX-0002-999-4110 - Smart Start

This account is used to record revenues earned for Smart Start grants.

X-XXX-0002-999-412X - Other

This account is used to record revenues earned from other state sources, including NC Pre-K funds and MAC grants. A separate fund should be established for each State grant.

X-XXX-0002-999-419X - Reversion of State Grants

This account is used to record reversion payments of State grants.

X-1XX-0002-999-4197 - Accrued Reversion

This account is used to record the accrual of reversions due to NCPC at year-end.

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X-XXX-0002-999-42XX - Federal Grants

These accounts are used to record receipts for grants from federal agencies. Generally, reimbursement for cost-reimbursement grants are received as a result of incurring qualifying expenses. In this context, qualifying expenses refer to expenses that are either allowed by the grant award or regulations, are allocable to the grant, and are reasonable and necessary to meet the objectives of the program. Separate funds should be established for each federal grant.

X-XXX-0002-999-429X - Reversion of Federal Grants

This account is used to record reversions of federal grants.

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X-XXX-0002-999-43XX - Local Government Grants

These accounts are used to record receipts for grants from local agencies, such as city or county governments. Generally, reimbursement for cost-reimbursement grants are received as a result of incurring qualifying expenses. In this context, qualifying expenses refer to expenses that are either allowed by the grant award or regulations, are allocable to the grant, and are reasonable and necessary to meet the objectives of the program. Separate funds should be established for each grant.

X-XXX-0002-999-439X - Reversion of Local Government Grants

This account is used to record reversions of local grants.  
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### X-XXX-0002-999-44XX - Private Gifts and Grants (Contributions)

These accounts are used to record receipts for private gifts and grants. These accounts would be used for gifts, grants, and contributions from private foundations, corporations, and individuals.

### X-XXX-0002-999-449X - Reversion of Private Grants

This account is used to record reversions of private grants.

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### X-8XX-0002-999-46XX - Income from Fund-Raising Events

These accounts are used to record funds raised through special events. Examples of fund-raising events include auctions of donated items and an annual fund-raising dinner or gala.

### X-8XX-0002-999-4611 - Fund-Raising Event Receipts

This account is used to record the receipts collected in connection with fund-raising events.

### X-8XX-0002-999-4621 - Fund-Raising Event Expenses

This account is only used to record expenses paid in connection with fund-raising events, such as facility rental, food, materials, etc. Other disbursements from the fund for grants, partnership administration costs, and so forth should be recorded to the applicable purpose/service and general ledger codes.

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### X-8XX-0002-999-47XX - Investment Income

These accounts are used to record income other than Program Income and include earnings on cash accounts and investments, rental of property, and investment gains and losses. The balance of these accounts should include investment income received during the year.

### X-8XX-0002-999-4711 - Interest Income

This account is used to record interest income other than Program Income received from checking accounts, savings accounts, certificates of deposit, money market accounts and other short-term investments.

### X-XXX-0002-999-4721 - Income on Long-Term Investments

This account is used to record income from long-term investments such as stock dividends and interest on bonds.

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### X-XXX-0002-999-4731 - Other Investment Income

This account is used to record income from investments other than those noted elsewhere in this section.

### X-XXX-0002-999-4741 - Net Realized Gains on Long Term Investments

This account is used to record net realized gains on long-term investments resulting from sales of stocks, bonds, and other assets held for investment purposes. Gains should be recorded net of any fees incurred in selling the investments.

### X-XXX-0002-999-4742 - Net Realized Losses on Investments

This account is used to record net realized losses on investments resulting from sales of stocks, bonds, and other assets held for investment purposes and should include any fees incurred in selling the investments.

### X-8XX-0002-999-4761 - Rental Income

This account is used to record income received as a result of renting an asset that is owned by the partnership. Usually rental income involves the renting of office space to other organizations.

Please note that X-XXX-9100-999-5XXX - Rental Expenses is used to record expenses paid as a direct result of an asset that the LP owns and rents to others.

*Rental income from subleased property that is NOT owned by the partnership should be recorded as a reduction of rental expense.*

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### X-XXX-0002-999-48XX - Program Income, Sales Tax Refunds and Other Income

These accounts are used to record other sources of income. Examples include Sales Tax Refunds, Smart Start Program Income and income for MAC accounting services.

### 1-897-0002-999-481X - Sales Tax Refunds

This account is used to record refunds of sales tax from the State. *Note: This General Ledger account should be used in conjunction with Fund 897.*

### X-8XX-0002-999-4821 - Interest Earned on Funds

This account is used to record interest classified as Program Income that is earned on funds in checking accounts, savings accounts, certificates of deposit, money market accounts and other investments. *Note: For Smart Start interest earned, this account should be used in conjunction with Fund 898.*

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### X-8XX-0002-999-4822 - Proceeds from Sale of Goods

This account is used to record proceeds from sale of goods other than property and equipment.

### X-8XX-0002-999-4823 – Participant Fees from Services

This account is used to record fees from services such as lending library fees and fees for training sessions. *Note: If the services were funded with Smart Start funds, the transactions should be recorded in a Program Income fund. If the services were funded by non-Smart Start sources, the transactions should be recorded in an Other Income fund.*

### X-2XX-0002-XXX-485X - MAC Services

This account is used to record fees received by MAC sites for MAC accounting services. *Note: This account should be used in conjunction with the MAC 2XX series Fund.*

### X-8XX-0002-999-486X - Proceeds from Sale of Property and Equipment

This account is used to record income received from the sale of property and equipment.

### X-XXX-0002-999-489X - Reversion of Program Income

This account is used to record reversions of program income.

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### X-XXX-0002-999-49XX - Net Assets Released from Restrictions

These accounts are used to record net assets released from restrictions. SFAS 117 requires all expenditures to be reported as decreases in unrestricted net assets. Expenditures are never reported as "Temporarily Restricted" or "Permanently Restricted." The act of spending restricted funds releases them from restriction, requiring an entry to release them from restriction. Contact NCPC for additional guidance.

### X-XXX-0002-999-491X - Satisfaction of Program Restrictions

This account is used to record increases in unrestricted net assets and decreases in temporarily restricted net assets for expenditures that qualify to satisfy program restrictions.

### X-XXX-0002-999-492X - Satisfaction of Time Restrictions

This account is used to record increases in unrestricted net assets and decreases in temporarily restricted net assets that are satisfied by meeting time restrictions. For example, a donor may require that a stock certificate be held for five years. At the end of the five-year holding period the stock certificate should be reclassified from temporarily restricted net assets to unrestricted net assets.

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### Expenses and Losses

*The four digits (YYYY) must represent codes from the Purpose/Service Code choices established by NCPD.*

*Note that only direct expenditures of the Local Partnership are coded to the 5XXX-series expense accounts in the Local Partnership's General Ledger. Payments to third parties such as DSPs and grantees, as well as non-cash grants (including payments on behalf of a grantee) are coded to the 6XXX-series expense accounts.*

#### X-XXX-YYYY-XXX-51XX - Personnel

These accounts are used to record personnel costs, payroll taxes and employee benefits paid by the local partnership. The objective of this group of accounts is to provide information on total personnel costs of the local partnership.

#### X-XXX-YYYY-XXX-511X - Salaries and Wages

This account is used to record the cost of salaries and wages paid to all employees of the local partnership.

#### X-XXX-YYYY-XXX-512X - Social Security Contribution

This account is used to record the *employer's* share of Social Security and Medicare (FICA) taxes, based on salaries and wages paid to employees and reported quarterly on the IRS Form 941.

#### X-XXX-YYYY-XXX-513X - Retirement Contribution

This account is used to record the *employer's* contribution towards employees' retirement.

#### X-XXX-YYYY-XXX-514X - Disability/Health/Life Insurance Contribution

This account is used to record the *employer's* contribution towards employees' disability insurance, health insurance and/or life insurance programs. If possible, disability insurance should be itemized under -5141, health insurance under -5142, dental insurance under -5143, and life insurance under -5144.

#### X-XXX-YYYY-XXX-515X - Unemployment Insurance Contribution

This account is used to record the *employer's* cost of the State Unemployment Insurance (SUI) program.

#### X-XXX-YYYY-XXX-516X - Workers' Compensation Insurance

This account is used to record the cost of workers' compensation insurance premiums.

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### X-XXX-YYYY-XXX-52XX - Contracted Professional Services

These accounts are used to record expenses incurred to obtain professional services. These services include, but are not limited to, those provided by an attorney, architect, accountant, evaluator, etc. Generally, the term “professional” means that specialized technical skills and/or training are required for performance of the contract.

General ledger account 545X should be used for routine maintenance such as janitorial services.

### X-XXX-9100-XXX-521X - Accounting and Tax Services

This account is used to record payments by MAC affiliates to the lead site for accounting services furnished by the lead site, preparation of tax returns, tax consultation and other accounting services, excluding payroll processing services.

### X-XXX-9100-XXX-522X - Legal Services

This account is used to record legal services either for specific services or retainers.

### X-XXX-YYYY-XXX-523X - Temporary Services

This account is used to record temporary services (e.g., temporary clerical or administrative) obtained from manpower agencies.

### X-XXX-9100-XXX-524X – Payroll/[Benefit](#) Services

This account is used to record fees paid to the partnership’s payroll processor [and similar vendors such as for retirement, FSA, COBRA, etc.](#)

### X-XXX-YYYY-XXX-526X - Honorariums

This account is used to record the cost of honorariums paid to speakers, etc. Honorariums are unsolicited payments to individuals that do not charge for their services. These charges differ from speaker’s fees (see 546X).

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### X-XXX-YYYY-XXX-527X - Other Contracted Services

These accounts are used to record other contracted services not classified above.

### X-XXX-YYYY-XXX-5271 – Collaboration, [Evaluation](#) and Strategic Planning Services

This account is used to record funds expended by the local partnership to obtain consultant services for the process of developing and implementing long-range

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planning and collaborative skills for furthering the interests of young children and their families. This process enables participants to [conduct needs assessments](#), [develop](#) the local partnership's long-range goals and [support](#) plans to achieve them. [This account may also record funds to contract with evaluation consultants to measure the impact of funded services to further inform the long-range goals.](#)

~~X-XXX-YYYY-XXX-5272 - CCR&R Planning Services~~  
*Eliminated 7/1/2020*

X-XXX-YYYY-XXX-5273 - Other Contracted Services

This account is used to record other contracted services not classified above. Examples include [facilitators and trainers](#). Other examples include expenditures to third parties related to LP hiring of staff, such as background checks and drug tests, and payments to movers hired to assist with LP office relocation. Minor repairs and routine maintenance are not recorded in this account (see 545X). When using this account, please note what specific types of contracted services are being reported.

If possible, use the following sub-accounts as indicated:

X-XXX-YYYY-XXX-5274 - Travel, Contractors - Mileage  
X-XXX-YYYY-XXX-5275 - Travel, Contractors - Meals  
X-XXX-YYYY-XXX-5276 - Travel, Contractors - Hotel

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X-XXX-YYYY-XXX-53XX - Supplies and Materials

These accounts are used to record the cost of supplies and materials purchased for use in the daily operations of the local partnership.

X-XXX-YYYY-XXX-531X - Office Supplies and Materials

These types of supplies and materials expenses should be itemized under the specific categories listed below.

X-XXX-YYYY-XXX-5311 - Office Supplies

This account is used to record the cost of consumable office supplies, such as pens, paper, file folders, etc.

Note that if supplies are purchased specifically for a meeting or conference held by the local partnership, these supplies may be charged to GL 5465 Meeting Expense – Supplies and Materials.

X-XXX-YYYY-XXX-5313 - Computer Supplies and Software

This account is used to record the cost of computer supplies, such as [flash drives \(usb drives\)](#), [external hard drives](#), [backup tapes/media](#), [cables](#), [dongles](#), [adapters](#),



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chargers, mice, and keyboards. This account is also used for software programs, including “off-the-shelf” software, downloadable software, software subscriptions, software upgrades, licensing fees for software, access fees for databases, and the like. This account should not be used for computer hardware and/or computer equipment. (See Property and Equipment Outlay - 56XX.)

### X-XXX-YYYY-XXX-5314 - Janitorial Supplies

This account is used to record the costs of janitorial supplies, such as cleaning fluids and materials. The cost of janitorial service contracts should not be recorded in this account. (See Repairs and Maintenance – 545X.)

### ~~X-XXX-YYYY-XXX-5317 – Other Computer-Related Expenses~~

*Eliminated 7/1/2020, See Computer Supplies and Software – 5313.*

### X-XXX-YYYY-XXX-5319 – Other Administrative Supplies

This account is used to record the cost of items administrative in nature (not service-related) that do not fit in other categories such as Office Supplies or Property and Equipment. Examples include office furnishings such as non-slip mats and curtains, flowers for staff, [condolences](#), [appreciation gifts for staff](#), [greeting cards](#), etc.

Some expenditures in this category may be restricted [or prohibited](#) as to the use of Smart Start funds; please refer to the *Smart Start Cost Principles* for additional guidance.

### X-XXX-YYYY-XXX-538X - Service-Related Supplies and Materials

These supplies should be itemized under the specific accounts listed below. These accounts are used to record the costs of supplies purchased for use in a service activity.

These accounts should NOT be used for LP grants of supplies and/or materials to entities or individuals. ([See Non-Cash Grants and Awards - 69XX.](#))

### X-XXX-YYYY-XXX-5381 - Educational Supplies and Materials

This account is used to record the cost of educational supplies purchased by [an LP or DSP](#) and used for service activities. Examples include:

- Items for loan, such as children’s books, DVDs, provider reference textbooks, [Raising A Reader books and related supplies that are rotated but not given to children to keep](#), etc;
- Items for training conducted by the local partnership, including:
  - Materials used during the training (children’s books, reference/text books, etc.) not given to participants to keep; and
  - Materials that will be materially consumed during the training (workbooks, etc.);

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- Items for use by the local partnership and others, including lending library supplies such as [classroom materials](#), die cuts, lamination supplies, storage bins for service materials.

This account should NOT be used for grants of educational supplies and/or materials to entities or individuals, which should be charged to Non-Cash Grants and Materials, GL 69XX.

### X-XXX-YYYY-XXX-5383 - Automotive Supplies and Expenses

This account is used to record the cost of automotive supplies and expenses, such as gasoline or registration fees, for vehicles owned [or leased](#) by the local partnership. However, vehicle [lease payments](#) are recorded to 554X, and maintenance of automobiles is recorded to 545X.

### X-XXX-YYYY-XXX-5384 - Promotional Items

This account is used to record the cost of general promotional supplies, such as pens, lapel pins, cups and T-shirts. Purchase of these items with Smart Start funds is currently prohibited by legislation. Please refer to the *Smart Start Cost Principles* for additional guidance.

### 1-897-9100-999-539X - Sales Tax Expense

These accounts are used to record the sales tax from local partnership purchases that are refundable under North Carolina statutes. Sales taxes that are not refundable should be included in the cost of the related expenditure. *NOTE: The fund number should be 897 and the purpose/service code should be 9100 for all refundable sales taxes.*

### 1-897-9100-999-5391 - Sales Tax Expense - State Portion

This account is used to record the state portion of sales tax from a purchase when the local partnership records their sales tax as an expense. This account is also used to record out-of-state tax paid on purchases. *NOTE: The fund number should be 897 and the purpose/service code should be 9100.*

### 1-897-9100-999-5392 - Sales Tax Expense - County Portion

This account is used to record the home county portion of sales tax from a purchase when the local partnership records their sales tax as an expense. This is also used to record out-of-state tax paid on purchases. *NOTE: The fund number should be 897 and the purpose/service code should be 9100.*

If the local partnership pays sales tax in counties other than its home county, separate general ledger accounts should be established to track this activity:

1-897-9100-999-5393 - Sales Tax Expense - County 2 Portion

1-897-9100-999-5394 - Sales Tax Expense - County 3 Portion

1-897-9100-999-5395 - Sales Tax Expense - County 4 Portion

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### 1-897-9100-999-5399 - Sales Tax Expense – Food Tax Portion

This account is used to record the state food tax portion of sales tax from a purchase when the local partnership records their sales tax as an expense. This is NOT the same as the Prepared Food Tax, which is currently NOT a reimbursable tax. Prepared Food Tax expense should be recorded with the expense of the food. *NOTE: The fund number should be 897 and the purpose/service code should be 9100.*

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### X-XXX-YYYY-XXX-54XX - Other Operating Expenses

These accounts are used to record the ongoing costs of operations for the local partnership other than personnel, supplies and materials, and fixed charges.

### X-XXX-YYYY-XXX-541X - Employee Travel

These accounts are used to record the cost of employee travel. Included in these accounts are meals, lodging and transportation. These charges include the costs of travel to conferences, seminars and monitoring visits to service providers. Account 5410 is a header account; no expenses should be coded to 5410.

X-XXX-YYYY-XXX-5411 - Travel In State - Mileage/[Parking](#)/Air Fare

X-XXX-YYYY-XXX-5412 - Travel In State - Meals/Per Diem

X-XXX-YYYY-XXX-5413 - Travel In State - Hotel

X-XXX-YYYY-XXX-5414 - Travel Out of State - Mileage/[Parking](#)/Air Fare

X-XXX-YYYY-XXX-5415 - Travel Out of State - Meals/ Per Diem

X-XXX-YYYY-XXX-5416 - Travel Out of State – Hotel

[X-XXX-YYYY-XXX-5417 - Travel - Vehicle Rental \(cost of short-term vehicle rental, including the cost of gasoline and insurance, such as a car rented for a 3-day business trip\)](#)

### X-XXX-YYYY-XXX-542X - Communications and Postage

These accounts are used to record the cost of communications such as telephone and shipping expenses. Account 5420 is a header account; no expenses should be coded to 5420.

X-XXX-YYYY-XXX-5421 - Telephone, Fax Lines, Internet Fees ([such as TWC, Spectrum – Internet Service Providers](#))

X-XXX-YYYY-XXX-5422 - Postage - Regular

X-XXX-YYYY-XXX-5423 - Shipping - Fed Ex, UPS and other shipping

Note that these accounts should be used only for costs that the LP incurs to ship materials to others. Shipping and handling charges added to the cost of

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items received by the LP should be included as part of the cost of the items. For example, a \$400 desk **purchased by the LP** with \$20 shipping and handling **fees** should be recorded as a \$420 expense in GL 565X.

### X-XXX-YYYY-XXX-543X - Utilities

This account is used to record utility costs, such as electricity, water, sewer, and natural/propane gas. Note that deposits paid to utility companies when new service is established are also recorded in this expense account. *(Deposits paid with Smart Start funds that are refunded in a subsequent fiscal year must be reverted to NCPC immediately upon receipt.)*

### X-XXX-YYYY-XXX-544X - Printing and Binding

This account is used to record the cost of printing, binding and copying, including the printing of forms (e.g., purchase orders, business cards, stationery) for internal use by the local partnership. General ledger account 5482 should be used for literature that is distributed externally.

### X-XXX-YYYY-XXX-545X - Repair and Maintenance

This account is used to record the cost of minor repairs and routine maintenance, including (but not limited to) services performed by janitorial services, landscaping services, computer repair technicians, carpenters, plumbers and locksmiths. Maintenance agreements for equipment, such as copiers, would be coded to this account. Automotive maintenance (for owned vehicles) as well as automotive repairs would also be coded to this account.

### X-XXX-YYYY-XXX-546X - Meeting/Conference Expense

These accounts are used to record the cost of **hosted** meetings and conferences, such as room rental, food and speaker fees. These expenses relate to the cost of training the local partnership **or DSP** provides to other organizations, child care providers and so forth, as well as recognition events and Board meetings. Account 5460 is a header account; no expenses should be coded to 5460. *Note: These accounts should not be used to record direct reimbursements to participants attending training events for child care, supplies, or travel. Contact **NCPC** as needed for guidance in choosing appropriate accounts. The cost of registration for staff to **attend** a training or conference hosted by another party is recorded to Employee Training - 547X.*

X-XXX-YYYY-XXX-5461 - Meeting Expense - Rent

X-XXX-YYYY-XXX-5462 - Meeting Expense - Food

X-XXX-YYYY-XXX-5463 - Meeting Expense - Speaker Fees

X-XXX-YYYY-XXX-5464 - Meeting Expense - Child Care

X-XXX-YYYY-XXX-5465 - Meeting Expense - Supplies and Materials

X-XXX-YYYY-XXX-5466 - Meeting Expense - Travel

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### X-XXX-YYYY-XXX-547X - Employee Training and Development

This account is used to record the cost of partnership employee training, such as tuition, conference registration and training materials. This account is used for seminars and/or courses attended by employees of the local partnership (or a DSP, if a subcontracted activity). Travel incurred in connection with employee training should not be recorded in this account (see Employee Travel - 541X).

### X-XXX-YYY-XXX-548X - Advertising and Publicizing

These accounts are used to record the cost of advertising and publicizing of program services. Please refer to the *Smart Start Cost Principles* for additional guidance regarding allowable expenditures.

### X-XXX-YYYY-XXX-5481 - Advertising

This account is used to record the cost of advertising program services, solicitation of bids, obtaining qualified applicants, or advertising fund-raising events. Examples of items where Smart Start funds MAY be used include classified advertising for employment vacancies and legal advertising for competitive bidding requirements.

### X-XXX-YYYY-XXX-5482 - Outreach and Publicizing of Services

This account is used to record the cost of outreach and the publicizing of services to the community. Examples of items where State/Smart Start funds MAY be used include production and copying of the following: brochures publicizing services, [annual report publications](#), Yellow Page ads that publicize direct services for parents, listings in community and resource directories, [and paid social media outreach](#). Promotional supplies are not recorded in this account (see Promotional Items – 5384)

Note that if a company or contractor is hired to design a brochure, update the LP's website, or provide similar professional creative services, these expenditures should be charged to Contracted Professional Services, GL 527X.

### X-XXX-YYYY-XXX-549X - Board Member Expense

This account is used to record reimbursements to, or payments on behalf of, board members for expenses. Account 5490 is a header account; no expenses should be coded to 5490.

X-XXX-YYYY-XXX-5491 - Board Member Expense - Mileage/Air

X-XXX-YYYY-XXX-5492 - Board Member Expense - [Meals](#)<sup>1</sup>

X-XXX-YYYY-XXX-5493 - Board Member Expense - Hotel

X-XXX-YYYY-XXX-5494 - Board Member Expense - Compensation

X-XXX-YYYY-XXX-5495 - Board Member Expense - Child Care

X-XXX-YYYY-XXX-5496 - Board Member Expense - Training/Conference  
Registration

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X-XXX-YYYY-XXX-5497 - Board Member Expense - Gifts

Note that the use of Smart Start funds for these expenditures is restricted; please refer to the *Smart Start Cost Principles* for additional guidance.

<sup>1</sup> 5492 – Board Member Expense – Meals is not the correct account for meals provided for hosted board and committee meetings; see Meeting Expense – Food – 5462.

### ..... X-XXX-YYYY-XXX-55XX - Fixed Charges and Other Expenses

These accounts are used to record expenses that are of a recurring nature related to the operations of the local partnership.

#### X-XXX-YYYY-XXX-551X - Office Rent

This account is used to record the cost of rental of office space.

#### X-XXX-YYYY-XXX-552X - Furniture Rental

This account is used to record the cost of furniture rental.

#### X-XXX-YYYY-XXX-553X - Equipment Rental (Phone, Computer, Copier, etc.)

This account is used to record the cost of equipment rental and any property taxes incurred under leases. Maintenance agreements are recorded in 545X, "Repair and Maintenance."

#### X-XXX-YYYY-XXX-554X - Leased Vehicles

This account is used to record the cost of [vehicle leases, such as multi-year leases with regular monthly lease payments](#).

(See [Employee Travel – Vehicle Rental – 5417](#) for short-term vehicle rental costs.)

#### X-XXX-YYYY-XXX-555X - Dues, Subscriptions and Fees

This account is used to record the cost of dues and subscriptions for publications, employee or local partnership membership in professional organizations, and professional certification license fees. Corporate fees for items such as a Charitable Solicitation License are also included here. [This account does not include software subscriptions; see Computer Supplies and Software – 5313.](#)

#### X-XXX-YYYY-XXX-556X - Insurance and Bonding

This account is used to record the cost of insurance, including general liability, Directors' & Officers', fidelity bond, and building contents, except for insurance on rented vehicles (see [Employee Travel - Vehicle Rental –5417](#)). Note that workers' compensation insurance should be recorded in 516X.

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### X-XXX-YYYY-XXX-557X - Books (Internal Reference Materials)

This account is used to record the costs of reference materials used internally within the organization, by local partnership employees (or by DSP employees, if purchased by a DSP) including but not limited to reference books regarding nonprofit management, employment law, fund accounting, fund-raising, board development and operations, and parliamentary procedure.

This account is not to be used for books purchased for a lending library; see Educational Supplies and Materials – 5381.

This account is not to be used for books distributed to third parties (providers, families) to keep; see Non-Cash Grants and Awards – 69XX.

### X-XXX-YYYY-XXX-558X - Principal, Interest and Bank Service Charges

These accounts are used to record payments of land and building mortgages. Payments for principal and interest should be recorded separately. (Note: If the statement from the lender does not provide a breakdown, it will be necessary to obtain an amortization schedule.) These accounts are also used to record other allowable interest expense.

### X-XXX-YYYY-XXX-5581 - Bank Service Charges and Fees

This account is used to record bank fees such as monthly service charges and purchases of checks. This account is also used to record late fees. Nonsufficient fund (NSF) fees should not be paid with Smart Start funds.

### X-XXX-YYYY-XXX-5586 - Mortgage Payments, Principal

This account is used to record the principal portion of the local partnership's mortgage payment. Please refer to the *Smart Start Cost Principles* for additional guidance.

### X-XXX-YYYY-XXX-5587 - Mortgage Payments, Interest

This account is used to record the interest portion of the local partnership's mortgage payment. Please refer to the *Smart Start Cost Principles* for additional guidance.

### X-XXX-YYYY-XXX-5588 - Other Loan Payments, Principal and Interest

This account is used to record the principal and interest portion of other obligations. Please refer to the *Smart Start Cost Principles* for additional guidance.

### X-XXX-YYYY-XXX-559X - Other Expenses

This account is used to record any other expenses not classified above. A written explanation of any expenses budgeted to this G/L code must accompany the proposed budget.

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### X-XXX-YYYY-XXX-56XX - Property and Equipment Outlay

These accounts are used to record cash purchases of property and equipment. When an asset is initially purchased it should be recorded in this account to facilitate the preparation of cash-basis expenditure reports. Since all local partnerships must use the cash basis of accounting, property and equipment purchases are not recorded on the balance sheet. Account 5600 is a header account; no expenses should be coded to account 5600.

### X-XXX-YYYY-XXX-561X - Buildings and Improvements (Capital)

This account is used to record cash outlays to purchase land and buildings, and to make improvements on buildings owned by the local partnership. Capital expenditures with Smart Start funds are currently prohibited by legislation. Please refer to the *Smart Start Cost Principles* for additional guidance.

### X-XXX-YYYY-XXX-562X - Leasehold Improvements (Capital)

This account is used to record cash outlays for leasehold improvements on space rented or leased by the local partnership. Capital expenditures with Smart Start funds are currently prohibited by legislation. Please refer to the *Smart Start Cost Principles* for additional guidance.

### X-XXX-YYYY-XXX-563X - Furniture and Non-Computer Equipment, \$500+ per item

This account is used to record cash outlays for furniture and non-computer equipment that equals or exceeds \$500 per item.

### X-XXX-YYYY-XXX-564X - Computer Equipment, including Printers, \$500+ per item

This account is used to record cash outlays for computer equipment that equals or exceeds \$500 per item.

### X-XXX-YYYY-XXX-565X - Furniture & Equipment, Under \$500 per Item

This account is used to record the cost of furniture and equipment that is less than \$500 per item.

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### X-XXX-YYYY-XXX-6XXX - Services/Contracts/Grants

These accounts are used to record grants in the form of financial assistance contracts, purchases of services, stipends, or other grants.

### X-XXX-YYYY-XXX-61XX - Purchase of Services, Service-Related

This account is used to record payments to providers/vendors for services that are routine in nature and follow established procedures. Examples include



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transportation and dental treatment services. These are contracts for which the provider/vendor is usually NOT responsible for the following:

- Determining eligibility by applying pre-determined eligibility requirements;
- Authorizing services;
- Determining the appropriateness of services to be provided; and
- Ensuring program compliance.

Typically, these providers/vendors:

- Operate in a competitive environment;
- Provide similar goods/services to many different purchasers; and
- Have no obligation to the funding authority other than the delivery of the specified goods/service.

### X-XXX-YYYY-XXX-62XX - Financial Assistance Contracts with Service Providers

This account is used to record the amount of advances or reimbursements for grants in the form of financial assistance contracts. These are contracts for which the provider is responsible for some or all of the following:

- Performing administrative functions, such as development of program standards, rules, and procedures;
- Determining eligibility by applying pre-determined eligibility requirements;
- Authorizing or approving services;
- Determining the appropriateness of services to be provided; and
- Ensuring program compliance.

Typically, these providers do NOT:

- Operate in a competitive environment; or
- Provide similar goods and/or services to many different purchasers.

### X-XXX-YYYY-XXX-66XX - Stipends / Scholarships

### X-XXX-YYYY-XXX-67XX - Cash Grants and Awards

### X-XXX-YYYY-XXX-69XX - Non-Cash Grants and Awards

66XX, 67XX, and 69XX represent accounts used to record grants. Grants are defined as cash or non-cash resources provided to an organization or individual from which the grantor receives nothing of material tangible value in return.

### X-XXX-YYYY-XXX-66XX – Stipends / Scholarships

Cash provided to an organization or individual for which the grantor receives nothing of material tangible value in return. This subset of grants is used for stipends, scholarships and incentives.

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X-XXX-YYYY-XXX-67XX - Cash Grants and Awards

This account is used to record cash provided to an organization or individual for which the grantor receives nothing of material, tangible value in return. Examples include cash payments to child care facilities for the purchase of quality enhancement materials and reimbursement of participant training expenses for parents or providers.

X-XXX-YYYY-XXX-69XX - Non-Cash Grants and Awards

This account is used to record expenses associated with non-cash resources such as material or equipment provided to an organization or individual for which the grantor receives nothing of material value in return. Examples include:

- Grants of quality enhancement materials that have been purchased by the partnership for a child care center;
- Car seat distributions;
- Payments on behalf of others for expenses, such as insurance premiums paid directly to the insurer on behalf of childcare providers; and,
- Rewards/incentives such as classroom items not materially consumed or gift cards given for attending trainings. Items such as children's books, reference/text books, and other materials not materially consumed would be considered grants if given to training participants

Note that workbooks completed during the training would be considered materially consumed because of subsequent limited utility, and therefore would be charged to Educational Supplies and Materials, GL 5381.