

**NORTH CAROLINA SOCIAL WORK
CERTIFICATION AND LICENSURE BOARD**

Financial Statements

Years Ended June 30, 2025 and 2024

NORTH CAROLINA SOCIAL WORK CERTIFICATION AND LICENSURE BOARD
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NC LEGISLATIVE STATUTORY DISCLOSURE REQUIREMENT CONCERNING AUDIT FEES

The audit was conducted in approximately 175 hours.

NORTH CAROLINA SOCIAL WORK CERTIFICATION AND LICENSURE BOARD
Management's Discussion and Analysis
June 30, 2025

The following is a discussion and analysis of the Board's financial performance for the fiscal year ended June 30, 2025. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- The operating revenues of the Board increased by \$101,049 or 6.51%. A review of the activity for the year found an increases in examinations, verification of credentials, and total number of certification/licensure renewals.
- The non-operating revenues of the Board increased \$55,091 or 37.04%, due to a significant increase in STIF account interest.
- The operating expenses of the Board increased by \$111,198 or 11.36%, which was due to a significant increase in professional fees for ethics investigations and increase in salaries.

Overview of the Basic Financial Statements

The financial report consists of three sections:

- *Management's Discussion and Analysis (required supplementary information)*
- *Independent Auditors' Report*
- *Basic Financial Statements*

The Board has no other supplementary information required by the Governmental Accounting Standards Board (GASB) Statement No. 34. The financial statements also include notes to the financial statements that provide detail of the information included in the financial statements.

Basic Financial Statements

The financial statements of the Board report information about the Board using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about the activities of the Board.

The Statements of Net Position present the current and long-term portions of assets and liabilities separately.

The Statements of Revenues, Expenses, and Changes in Net Position present information on how the Board's assets changed as a result of its operations.

The Statements of Cash Flows present information on how the Board's cash changed as a result of its financial activities.

Basic Financial Statements (Continued)

The following presents condensed financial information on the operations of the Board:

	<u>As of and for the year ended June 30, 2025</u>	<u>As of and for the year ended June 30, 2024</u>
Current assets	\$5,277,379	\$4,502,015
Capital assets, net of depreciation	8,838	2,034
Intangible assets, net of amortization	-	-
Right to use leased assets, net of amortization	<u>36,975</u>	<u>81,344</u>
Total assets	<u>5,323,192</u>	<u>4,585,393</u>
Current liabilities	<u>106,079</u>	<u>92,481</u>
Long-term obligations	<u>41,285</u>	<u>78,027</u>
Total liabilities	<u>147,364</u>	<u>170,508</u>
Net investment in		
capital assets and right-to-use leased asset	(4,514)	(4,921)
Board designated	1,000,000	1,000,000
Unrestricted	<u>4,171,314</u>	<u>3,419,806</u>
Total net position	<u>\$5,175,828</u>	<u>\$4,414,885</u>
Operating revenues	\$1,652,210	\$1,551,161
Operating expenses	<u>1,089,623</u>	<u>978,425</u>
Operating income	562,587	572,736
Non-operating income (expenses)	<u>198,356</u>	<u>143,265</u>
Change in net position	<u>\$ 760,943</u>	<u>\$ 716,001</u>

Events Affecting Future Operations

A committee appointed by the North Carolina Legislature, The Joint Legislative Administrative Procedure Oversight Committee, has been performing a study concerning the deregulation, elimination and consolidation of occupational licensing boards in the State of North Carolina. The effect of any resulting legislation on the Board's operations in future years is not certain at this time.

Contacting the Board's Management

This financial report is intended to provide a general overview of the Board's finances and to demonstrate the Board's accountability for the money it received and expends. If you have any questions about his report or need additional information, contact:

North Carolina Social Work Certification and Licensure Board
1207 S Cox Street, Suite F
Asheboro, NC 27203

Independent Auditors' Report

Board of Directors
North Carolina Social Work Certification
and Licensure Board
Asheboro, North Carolina

Opinion

We have audited the accompanying financial statements of the North Carolina Social Work Certification and Licensure Board (the Board), which comprise the statements of net position as of June 30, 2025 and 2024, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board as of June 30, 2025 and 2024, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

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

Emphasis of Matter

As discussed in Note 1, these financial statements are presented only for the Board and do not purport to and do not present fairly the financial position of the State of North Carolina as of June 30, 2025 and 2024, nor the changes in its financial position and its cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1-2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or any assurance.

RH CPAs, PLLC

Lexington, North Carolina

October 1, 2025

NORTH CAROLINA SOCIAL WORK CERTIFICATION AND LICENSURE BOARD

Statements of Net Position

June 30, 2025 and 2024

	ASSETS	
	2025	2024
Current assets:		
Cash and cash equivalents	\$ 5,260,504	\$ 4,478,257
Accounts receivable	16,875	23,758
Total current assets	<u>5,277,379</u>	<u>4,502,015</u>
Capital assets:		
Leasehold improvements	13,937	13,937
Furniture and fixtures	32,139	31,805
Computer and office equipment	23,743	14,841
Less accumulated depreciation	69,819	60,583
Total capital assets, net of depreciation	<u>(60,981)</u>	<u>(58,549)</u>
	8,838	2,034
Intangible assets:		
Website development	8,515	8,515
Less accumulated amortization	(8,515)	(8,515)
Total intangible assets, net of amortization	<u>-</u>	<u>-</u>
Other assets:		
Right to use leased assets	214,454	214,454
Less accumulated amortization	(177,479)	(133,110)
Total other assets, net of amortization	<u>36,975</u>	<u>81,344</u>
Total assets	<u><u>\$ 5,323,192</u></u>	<u><u>\$ 4,585,393</u></u>
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable	\$ 17,366	\$ 9,041
Accrued salaries and benefits	36,093	24,554
Accrued payroll taxes	8,220	9,121
Current maturities of lease liability	41,299	47,000
Accrued compensated absences - current portion	3,101	2,765
Total current liabilities	<u>106,079</u>	<u>92,481</u>
Long-term obligations:		
Lease liability	-	41,299
Accrued compensated absences	41,285	36,728
Total long-term obligations:	<u>41,285</u>	<u>78,027</u>
Total liabilities	<u>147,364</u>	<u>170,508</u>
Net position:		
Unrestricted:		
Board designated	1,000,000	1,000,000
Undesignated	4,171,314	3,419,806
Net investment in capital assets and right-to-use leased assets	4,514	(4,921)
Total unrestricted net position	<u>5,175,828</u>	<u>4,414,885</u>
Total liabilities and net position	<u><u>\$ 5,323,192</u></u>	<u><u>\$ 4,585,393</u></u>

The accompanying notes to the financial statements are an integral part of these financial statements.

NORTH CAROLINA SOCIAL WORK CERTIFICATION AND LICENSURE BOARD
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating revenues:		
Fees	<u>\$ 1,652,210</u>	<u>\$ 1,551,161</u>
Operating expenses:		
Travel - board members	42,376	32,581
Retirement	32,978	32,649
Salaries	606,996	522,742
Insurance	100,895	95,723
Payroll taxes	47,515	42,297
Office supplies	14,327	14,407
Printing	3,874	3,493
Postage	13,869	12,475
Utilities	5,169	5,942
Miscellaneous	24,439	23,248
Professional fees - other	24,337	22,956
Professional fees - ethics	81,546	75,185
Depreciation	2,432	2,031
Amortization - leases	44,369	44,370
Dues and memberships	538	535
Website and computer maintenance	43,963	47,791
Total operating expenses	<u>1,089,623</u>	<u>978,425</u>
Operating income	<u>562,587</u>	<u>572,736</u>
Non-operating revenue (expense):		
Interest expense - leases	(3,249)	(5,456)
Interest income	201,605	148,721
Net non-operating revenue (expenses)	<u>198,356</u>	<u>143,265</u>
Change in net position	760,943	716,001
Total net position, beginning of year	<u>4,414,885</u>	<u>3,698,884</u>
Total net position, end of year	<u>\$ 5,175,828</u>	<u>\$ 4,414,885</u>

The accompanying notes to the financial statements are an integral part of these financial statements.

NORTH CAROLINA SOCIAL WORK CERTIFICATION AND LICENSURE BOARD
Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Cash received from fee income	\$ 1,659,093	\$ 1,533,268
Cash paid to employees and professionals	(738,823)	(645,620)
Cash paid to suppliers	(280,143)	(297,328)
Net cash flows provided from operating activities	<u>640,127</u>	<u>590,320</u>
Cash flows from capital and related financing activities:		
Change in capital assets	(9,236)	-
Interest paid on leases	(3,249)	(5,456)
Principal paid on leases	(47,000)	(44,295)
Net cash used by capital and related financing activities	<u>(59,485)</u>	<u>(49,751)</u>
Cash flows from investing activities:		
Receipt of interest income	201,605	148,720
Net cash provided from investing activities	<u>201,605</u>	<u>148,720</u>
Net increase in cash and cash equivalents	782,247	689,289
Cash and cash equivalents, beginning of year	4,478,257	3,788,968
Cash and cash equivalents, end of year	<u>5,260,504</u>	<u>4,478,257</u>
Reconciliation of operating income to net cash flows provided from operating activities:		
Operating income	\$ 562,587	\$ 572,736
Adjustments to reconcile increase in net position		
Net non-operating revenue		
Depreciation	2,432	2,031
Amortization - leases	44,369	44,370
Cash provided from (used by) change in:		
Accounts receivable	6,883	(17,893)
Accounts payable	8,325	(21,060)
Accrued salaries and benefits	11,539	7,994
Accrued payroll taxes	(901)	2,292
Accrued compensated absences	<u>4,893</u>	<u>(150)</u>
Net cash provided from operating activities	<u>\$ 640,127</u>	<u>\$ 590,320</u>

The accompanying notes to the financial statements are an integral part of these financial statements.

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization:

Established by Chapter 90B of the North Carolina General Statutes, the North Carolina Social Work Certification and Licensure Board (Board) is an occupational licensing board that grants certificates of qualification to those individuals who meet the legal requirements as a certified/licensed social worker. The Board's essential governmental function is to protect the public by setting standards for qualifications, training, and experience for those who seek to represent themselves to the public as a certified/licensed social worker and by promoting high standards of professional performance for those engaged in the practice of social work. The Board consists of seven members appointed by the Governor, and its income is derived primarily from licensure applications and renewal fees. As of June 30, 2025 and 2024, the number of certifications and licenses issued are 18,362 and 17,101, respectively.

Basis of Presentation:

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

All activities of the Board are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or the change in net assets is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Financial Reporting Entity:

The concept underlying the definition of the financial reporting entity is that elected officials are accountable to their constituents for their actions. As required by accounting principles generally accepted in the United States of America (GAAP), the financial reporting entity includes both the primary government and all of its component units. An organization other than a primary government serves as a nucleus for a reporting entity when it issues separate financial statements. The accompanying financial statements present all funds and activities for which the Board is responsible.

For financial reporting purposes, the Board is a non-major enterprise fund of the primary government of the State of North Carolina and is reported as such in the State's *Annual Comprehensive Financial Report* (ACFR). These financial statements for the Board are separate and apart from those of the State of North Carolina and do not present the financial position of the State nor changes in the State's financial position and cash flows.

Basis of Accounting:

The financial statements have been prepared using the accrual basis of accounting. Under the accrual basis of accounting revenues are recognized when earned, and expenses are recorded when a liability has been incurred, regardless of the timing of the cash flows. The Board classifies its revenues and expenses as operating and non-operating in the accompanying statements of revenues, expenses, and changes in net position. Operating revenues include activities that have characteristics of exchange transactions and consist primarily of application and license renewal fees. Non-operating revenues include activities that have characteristics of non-exchange transactions and consist primarily of investing type activities.

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position:

All net positions of the Board are unrestricted. Net position consists of the following:

- a. Board designated – The Board of Directors has chosen to place an internal designation on unrestricted net position of \$1,000,000 for future legal expenses.
- b. Undesignated – This component of net position consists of net positions that do not meet the definition of restricted or invested in property and equipment.
- c. Net investment in capital assets – This component of net position consists of capital assets net of accumulated depreciation, and reduced by any related debt, if applicable.

Cash and Cash Equivalents:

The Board considers all short-term investments with an original maturity of three months or less to be cash equivalents. The cash classification includes undeposited receipts, petty cash, checking accounts and pooled-cash deposited with the North Carolina State Treasurer. These funds are considered cash equivalents since they are immediately available for expenditures.

Capital Assets:

The Board's policy is to capitalize property and equipment over \$300. Lesser amounts are expensed. Property and equipment are carried at cost, less accumulated depreciation. Assets are depreciated using the straight-line method over the useful life of the assets as follows:

Leasehold improvements	2 years
Furniture and fixtures	5 to 10 years
Computer and office equipment	5 years

The Board reviews its long-lived assets for impairment annually or whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. For assets to be held, impairment is determined to exist if the estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. For the assets to be disposed of, impairment is determined to exist if the estimated realizable value is less than the carrying amount. At June 30, 2025 and 2024, the Board has determined that no impairment indicators exist.

Long Term Obligations:

Long term obligations consist of accrued compensated absences that will not be paid within the next fiscal year.

Compensated Absences:

Employees are permitted to accumulate earned but unused annual leave benefits and all annual leave is accrued when incurred. As length of service increases, the amount of earned vacation increases. Annual leave may be accumulated without any applicable maximum until December 31 of each year. Full-time employees may carry 240 hours of earned annual leave to the following year. Three-quarter time employees may carry 180 hours of earned annual leave to the following year.

Upon any voluntary or involuntary separation from employment, employees' accrued but unused annual leave will be paid in lump sum; Any hours exceeding 240 or 180, respectively, are forfeited. Accrued compensated absences were \$44,386 and \$39,493 as of June 30, 2025 and 2024, respectively.

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible Assets:

Costs incurred for the development of the Board's website and software costs are capitalized. Intangible assets are carried at cost, less accumulated amortization and are amortized over three years.

Right To Use Assets:

The Board has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for depreciation. Actual results could differ from those estimates.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

The Board places its cash and cash equivalents on deposit with financial institutions in the United States. Combined deposits with a financial institution are insured up to \$250,000. The amount of deposits may exceed the Federal Deposit Insurance Corporation during the fiscal year. The Board has not adopted a formal policy regarding custodial credit risk for deposits.

NOTE 3 – DEPOSITS

Deposits in Banks:

The deposits of the Board are governed by the North Carolina General Statute Section 147-86. The Board may establish official depositories with any bank or savings and loan association whose principal office is located in North Carolina. The Board may also establish time deposits in the form of NOW accounts, Super NOW accounts, money market accounts and certificates of deposit. At June 30, 2025 and 2024, the carrying amount of the Board's State Treasurer's deposits below were \$4,914,595 and \$4,063,009, respectively, and bank balances of \$345,909 and \$415,248 respectively.

Deposits in State Treasurer Short Term Investment Fund (STIF):

Pursuant to North Carolina General Statute 147-69.3(b), the Board voluntarily holds deposits with the North Carolina Short Term Investment Fund (STIF). The STIF is managed by the staff of the Department of State Treasurer and operated in accordance with state law and regulations. It is not registered with the SEC. It consists of an internal portion and external portion in which the Board participates. Investments are restricted to those enumerated in G.S. 147-69.1.

NOTE 3 – DEPOSITS (CONTINUED)

Deposits in State Treasurer Short Term Investment Fund (STIF) (Continued):

Ownership interest in the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. Valuation of the underlying assets is performed by the custodian. All investments are measured using the market approach. The STIF is classified as Level 2 in the fair value hierarchy and is valued using prices that are either directly or indirectly observable for an asset or liability. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund.

At June 30, 2025 and 2024, the Board had \$4,914,595 and \$4,063,009 respectively, invested with the State Treasurer in the Short Term Investment Fund (STIF).

NOTE 4 – INCOME TAXES

The Board was created pursuant to North Carolina General Statutes to carry out an essential government function; therefore, it is considered exempt from State and federal income tax laws under Internal Revenue Code Section 115, and is not required to file annual tax returns.

NOTE 5 – CAPITAL ASSETS

Capital assets are stated at cost and are being depreciated over their useful lives on a straight-line basis as follows:

	For Year Ended June 30, 2025					
	Cost 6/30/2024	Acquisitions	Disposals	Cost 6/30/2025	Accumulated Depreciation	Net Amount
Leasehold improvements	\$ 13,937	\$ -	\$ -	\$ 13,937	\$ 13,937	\$ -
Furniture and fixtures	31,805	334	-	32,139	31,443	696
Computer and office equipment	14,841	8,902	-	23,743	15,601	8,142
	<u>\$ 60,583</u>	<u>\$ 9,236</u>	<u>\$ -</u>	<u>\$ 69,819</u>	<u>\$ 60,981</u>	<u>\$ 8,838</u>

	For Year Ended June 30, 2024					
	Cost 6/30/2023	Acquisitions	Disposals	Cost 6/30/2024	Accumulated Depreciation	Net Amount
Leasehold improvements	\$ 13,937	\$ -	\$ -	\$ 13,937	\$ 13,937	\$ -
Furniture and fixtures	31,806	-	-	31,806	31,090	714
Computer and office equipment	14,841	-	-	14,841	13,521	1,321
	<u>\$ 60,584</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,584</u>	<u>\$ 58,548</u>	<u>\$ 2,035</u>

NOTE 6 – LONG TERM LIABILITIES

A summary of changes in long term liabilities for the years ended June 30, is as follows :

	June 30, 2025			
	Beginning Balance	Increases	Decreases	Ending Balance
	<u>\$ 39,493</u>	<u>\$ 36,573</u>	<u>\$ 31,680</u>	<u>\$ 44,386</u>
Accrued compensated absences				
	<u>\$ 39,493</u>	<u>\$ 36,573</u>	<u>\$ 31,680</u>	<u>\$ 44,386</u>
	<u>\$ 3,101</u>			

	June 30, 2024			
	Beginning Balance	Increases	Decreases	Ending Balance
	<u>\$ 39,643</u>	<u>\$ 19,959</u>	<u>\$ 20,109</u>	<u>\$ 39,493</u>
Accrued compensated absences				
	<u>\$ 39,493</u>	<u>\$ 2,765</u>		

NOTE 7 – INTANGIBLE ASSETS

Intangible assets are carried at cost, less accumulated amortization and are amortized on a straight-line basis as follows:

Amortized asset	Cost	Acquisitions	Disposals	Cost	Accumulated Amortization	Net Amount
	6/30/2024			6/30/2025		
	<u>\$ 8,515</u>			<u>\$ 8,515</u>	<u>\$ 8,515</u>	<u>\$ -</u>
Amortized asset	Cost	Acquisitions	Disposals	Cost	Accumulated Amortization	Net Amount
	6/30/2023			6/30/2024		
	<u>\$ 8,515</u>			<u>\$ 8,515</u>	<u>\$ 8,515</u>	<u>\$ -</u>

NOTE 8 – RETIREMENT PLAN

The Board sponsors a Simplified Employee Pension Plan. All employees are eligible to participate in the plan and the Board makes discretionary contributions to the plan. For the years ended June 30, 2025 and 2024, the Board has contributed 6% of each participating employee's wages. The retirement expense for the years ended June 30, 2025 and 2024 amounted to \$32,978 and \$32,649 respectively.

NOTE 9 – LEASES

The Board has entered into agreements to lease office space. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of July 1, 2021.

NOTE 9 – LEASES (Continued)

The first agreement was executed in May 1, 2016 with an initial term of five years terminating on April 30, 2021. The Board exercised the option to renew the lease for one five year renewal period, effective May 1, 2021 and terminating on April 30, 2026. The lease has a 1% rate increase for each 12-month rental period ending April 30, 2026. The lease liability is measured at a discount rate of 4.85%, which is the U.S. federal prime bank loan rate as of the date of measurement.

The second agreement was executed May 1, 2019 with an initial term of two years terminating on April 30, 2021. The Board exercised the option to renew the lease for one five year renewal period, effective May 1, 2021 and terminating on April 30, 2026. The lease has a 1% rate increase for each 12-month rental period ending April 30, 2026. The lease liability is measured at a discount rate of 4.85%, which is the U.S. federal prime bank loan rate as of the date of measurement.

Right to use leased assets for the years ended June 30, is as follows:

	June 30, 2025			
	Beginning Balance	Increases	Decreases	Ending Balance
Right to use assets				
Leased office space	\$ 214,454	\$ -	\$ -	\$ 214,454
Less accumulated amortization for:				
Leased office space	(133,110)	(44,370)	-	(44,370)
Right to use assets, net	<u>\$ 81,344</u>	<u>\$ (44,370)</u>	<u>\$ -</u>	<u>\$ 177,479</u>

	June 30, 2024			
	Beginning Balance	Increases	Decreases	Ending Balance
Right to use assets				
Leased office space	\$ 214,454	\$ -	\$ -	\$ 214,454
Less accumulated amortization for:				
Leased office space	(88,740)	(44,370)	-	(133,110)
Right to use assets, net	<u>\$ 125,714</u>	<u>\$ (44,370)</u>	<u>\$ -</u>	<u>\$ 81,344</u>

Lease liability for the years ended June 30, is as follows:

	June 30, 2025			
	Beginning Balance	Increases	Decreases	Ending Balance
Lease liability	<u>\$ 88,299</u>	<u>\$ -</u>	<u>\$ 47,000</u>	<u>\$ 41,299</u>
				<u>\$ 41,299</u>
	June 30, 2024			
	Beginning Balance	Increases	Decreases	Ending Balance
Lease liability	<u>\$ 132,594</u>	<u>\$ -</u>	<u>\$ 44,295</u>	<u>\$ 88,299</u>
				<u>\$ 47,000</u>

NOTE 9 – LEASES (Continued)

The combined future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025, were as follows:

Year ending June 30,	Principal	Interest	Total
2026	41,299	924	42,223
	\$ 41,299	\$ 924	\$ 42,223

NOTE 10 – RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and the destruction of assets; errors and omissions; injuries to employees; and natural disasters. These exposures to loss are handled by participation in state-administered risk programs and self-retention of certain risks. The Board protects itself from exposure to loss through the purchase of commercial insurance coverage. There have been no significant reductions in insurance coverage from the previous year, and settled claims have not exceeded coverage in any of the past three fiscal years.

NOTE 11 – CONTINGENCIES

The Board is involved in occasional disciplinary hearings throughout the year which arise in the ordinary course of its operations. In the opinion of management of the Board, the results of such actions during the year under audit do not materially affect the Board's operations, changes in financial position, or cash flows for the year herein ended.

NOTE 12 – DATE OF MANAGEMENT'S REVIEW

The Board has evaluated events and transactions that occurred subsequent to October 1, 2025, which is the date the financial statements were available to be issued. There were no recognized subsequent events requiring disclosure.