

**STATE BOARD OF EXAMINERS OF
ELECTRICAL CONTRACTORS**

Financial Statements

Year ended June 30, 2025



STATE BOARD OF EXAMINERS OF ELECTRICAL CONTRACTORS

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STATE BOARD OF EXAMINERS OF ELECTRICAL CONTRACTORS

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

The following is a discussion and analysis of the NC State Board of Examiners of Electrical Contractors' (the "Board") financial performance for the fiscal year ended June 30, 2025. The following financial statements and footnotes comprise our complete set of financial information. The Management's Discussion and Analysis identifies significant transactions that have financial impact and highlights favorable and unfavorable trends. Comparative data for the current year and the previous year are presented in the analysis.

Financial Highlights

During the year ended June 30, 2025, the operating revenues of the Board increased by \$157,600 or 7.4%, primarily due to an increase in number of licensees.

During the year ended June 30, 2025, the operating expenses of the Board increased by \$70,050 or 3.6%, primarily due to increases in salaries and benefits.

During the year ended June 30, 2025, the non-operating revenues of the Board decreased by \$4,412, or 4.0% primarily due to a decrease in investment income.

Overview of the Basic Financial Statements

This discussion and analysis is an introduction to the Board's basic financial statements, which are comprised of the following components: 1) Statements of Net Position, 2) Statements of Revenues, Expenses and Changes in Net Position, 3) Statements of Cash Flows, and 4) Notes to Financial Statements. These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

Basic Financial Statements

The basic 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 noncurrent positions of assets and liabilities separately.

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

The Statements of Cash Flows present information on how the Board's cash changed as a result of the year's activity.

STATE BOARD OF EXAMINERS OF ELECTRICAL CONTRACTORS
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

The following presents condensed financial information on the operations of the Board as of and for the year ended June 30:

	2025	2024 *
Current assets	\$ 3,454,915	\$ 3,063,184
Noncurrent assets	119,000	-
Capital assets - net of depreciation	887,344	969,721
Total assets	<u>4,461,259</u>	<u>4,032,905</u>
Current liabilities	1,234,567	1,189,126
Noncurrent liabilities	2,040,964	2,105,050
Total liabilities	<u>3,275,531</u>	<u>3,294,176</u>
Deferred inflows of resources	<u>69,948</u>	<u>8,691</u>
Net position:		
Investment in capital assets	125,700	124,028
Unrestricted	990,080	606,010
Total net position (deficit)	<u>\$ 1,115,780</u>	<u>\$ 730,038</u>
Operating revenues	\$ 2,295,537	\$ 2,137,937
Operating expenses	<u>2,014,939</u>	<u>1,944,889</u>
Operating income	280,598	193,048
Non-operating revenues	105,144	109,556
Changes in net position	<u>\$ 385,742</u>	<u>\$ 302,604</u>

* As described in Note 12, the Board restated unrestricted net position as of July 1, 2024 to reflect the implementation of GASB Statement No. 101. The effect on the change in unrestricted net position is included in noncurrent liabilities for the year ended June 30, 2024.

Events Affecting Future Operations

There are no known events affecting future operations.

Contacting the Board's Management

This financial report is designed to provide a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives and expends. If you have any questions about this report or need additional information, contact the North Carolina State Board of Examiners of Electrical Contractors, 505 N. Greenfield Pkwy, Suite 100, Garner, NC 27529 or 919-733-9042



Independent Auditor's Report

Members of the Board
State Board of Examiners of Electrical Contractors
Garner, North Carolina

Opinion

We have audited the financial statements of the State Board of Examiners of Electrical Contractors (the "Board"), an enterprise fund of the State of North Carolina, which comprise the statement of net position as of June 30, 2025, 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.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Board as of June 30, 2025, and the changes in its 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, 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 Matters

As discussed in Note 1, the financial statements presented are 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, or the changes in its financial position and its cashflows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 12, during the year ended June 30, 2025, management has restated unrestricted net position as of July 1, 2024 for the effects of implementing GASB Statement No. 101, Compensated Absences.

Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, on pages 1 - 2, and Schedule of Changes in the Total OPEB Liability and Related Ratios on page 21 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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 inquiries 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 provide any assurance.

Gidewell CPA, PLLC

Cary, North Carolina

October 2, 2025

STATE BOARD OF EXAMINERS OF ELECTRICAL CONTRACTORS**Statement of Net Position****June 30, 2025****ASSETS:**

Current assets:

Cash and cash equivalents	\$ 2,225,554
Prepaid expenses	31,304
Investments	1,198,057
Total current assets	<u>3,454,915</u>

Capital assets:

Right to use leased assets, net of amortization	737,620
Property and equipment, net of depreciation	149,724
Total capital assets - net	<u>887,344</u>

Noncurrent assets:

Investments	<u>119,000</u>
Total assets	<u>4,461,259</u>

LIABILITIES:

Current liabilities:

Accounts payable	\$ 67,566
Interest payable	62
Lease liabilities, current portion	82,542
Unearned revenue	1,084,397
Total current liabilities	<u>1,234,567</u>

Noncurrent liabilities:

Accrued compensated absences	748,320
Lease liabilities, net of current portion	679,102
Other postemployment benefit liability	613,542
Total noncurrent liabilities	<u>2,040,964</u>
Total liabilities	<u>3,275,531</u>

DEFERRED INFLOWS OF RESOURCES:

Other postemployment benefit deferrals	<u>69,948</u>
Total deferred inflows of resources	<u>69,948</u>

NET POSITION:

Investment in capital assets, net of lease liabilities	125,700
Unrestricted	<u>990,080</u>
Total net position	<u>\$ 1,115,780</u>

See Notes to Financial Statements

STATE BOARD OF EXAMINERS OF ELECTRICAL CONTRACTORS
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2025

Operating revenues:	
License and renewal fees	\$ 1,861,447
Examination and application fees	311,725
Late fees and other license administration fees	62,120
Civil penalties and miscellaneous fees	60,245
Total operating revenues	<u>2,295,537</u>
Operating expenses:	
Salaries and benefits	894,433
Retirement contributions	45,641
Other postemployment benefits	39,320
Telecommunications	13,882
Insurance	149,091
Office and administrative expenses	38,394
Utilities and cleaning	11,115
Equipment leasing and maintenance	74,624
Professional services	275,834
Board member expense	43,567
Staff expense	72,174
Dues and publications	1,226
Exam expense	124,785
Credit card transaction fees	53,042
Civil penalties remitted	18,703
Interest expense, leases	25,339
Bad debt expense	5,950
Amortization, right to use leased assets	97,074
Depreciation	30,745
Total operating expenses	<u>2,014,939</u>
Operating income	<u>280,598</u>
Non-operating revenues:	
Investment income, net	94,451
Gain (loss) on equipment disposal	10,693
Total non-operating revenues	<u>105,144</u>
Changes in net position	<u>385,742</u>
Net position - beginning of year - as originally reported	1,338,388
Restatement of beginning net position	<u>(608,350)</u>
Net position - beginning of year - as restated	<u>730,038</u>
Net position - end of year	<u>\$ 1,115,780</u>

See Notes to Financial Statements

STATE BOARD OF EXAMINERS OF ELECTRICAL CONTRACTORS**Statement of Cash Flows****Year Ended June 30, 2025****Cash flows from operating activities:**

Cash received from fees	\$ 2,337,368
Cash payments to employees for services	(900,140)
Cash payments for suppliers of goods and services	(669,104)
Cash payments for interest on leased assets	(25,361)
Cash payments for other operating expenses	(211,361)
Net cash provided by operating activities	<u>531,402</u>

Cash flows from investing activities:

Purchase of certificates of deposit	(2,136,066)
Maturity of certificates of deposit	2,135,126
Investment income, net	39,793
Net cash provided by investing activities	<u>38,853</u>

Cash flows from capital and related financing activities:

Acquisition of capital assets	(47,619)
Proceeds from sale of capital assets	12,870
Payments on lease liabilities	(84,049)
Net cash provided by (used in) capital and related financing activities	<u>(118,798)</u>

Increase in cash

451,457

Cash - beginning of year

1,774,097

Cash - end of year

\$ 2,225,554**Reconciliation of operating income to net cash****provided by operating activities:**

Operating income	\$ 280,598
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Adjustments to reconcile operating income to net cash**provided by operating activities:**

Amortization, leased assets	97,074
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Depreciation	30,745
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Changes in assets and liabilities:

Prepaid expenses	(3,676)
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Accounts payable	(352)
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Accrued payroll and benefit expenses	(7,256)
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Interest payable	(22)
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Accrued vacation	72,038
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Unearned revenue	47,781
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Other postemployment benefit liability	(46,785)
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Deferred inflows of resources	61,257
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Total adjustments	<u>250,804</u>
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Net cash provided by operating activities	<u>\$ 531,402</u>
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See Notes to Financial Statements

STATE BOARD OF EXAMINERS OF ELECTRICAL CONTRACTORS

Notes to Financial Statements

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

The NC State Board of Examiners of Electrical Contractors (the "Board") is an independent State agency. It is an occupational licensing board authorized by Chapter 87 of the North Carolina General Statutes. The Board is responsible for the licensing of persons engaging in electrical contracting within North Carolina. The Board's operations are funded primarily through license fees, license examination fees and other income.

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 nonmajor enterprise fund of the primary government of the State of North Carolina and may be 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 Presentation

The accompanying basic financial statements have been prepared in accordance with GAAP as prescribed by the Governmental Accounting Standards Board (GASB). Proprietary funds are used to account for operations that are 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.

Basis of Accounting

The basic financial statements of the Board have been prepared using the economic resource measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when a liability has been incurred, regardless of the timing of the cash flows. Fees received for the various licenses are deemed earned when the license period begins.

The Board classifies its revenues and expenses as operating or non-operating in the accompanying Statements of Revenues, Expenses, and Changes in Net Position. Operating revenues and expenses generally result from providing services that are necessary to the Board's principal ongoing operations.

Operating revenues include activities that have characteristics of exchange transactions and consist primarily of license renewal and examination fees. Operating expenses are all expense transactions other than those related to capital and noncapital financing or investing activities as defined by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*. Non-operating revenues and expenses include activities that have characteristics of non-exchange transactions and consist primarily of investment activities.

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in Financial Accounting and Reporting

During the year ended June 30, 2025, the Board adopted GASB Statement No. 101, *Compensated Absences* (GASB 101). This Statement establishes uniform recognition and measurement guidance for compensated absences, requiring that a liability be recognized when the leave is both earned and attributable to services already rendered. Additionally, a liability is recognized only if it is more likely than not that the leave will be either used or paid out. The liability is measured using the pay rates in effect as of the financial reporting date. The adoption of GASB 101 enhances comparability and consistency in financial reporting by simplifying the accounting for different types of leave.

Additionally, during the year ended June 30, 2025, the Board adopted GASB Statement No. 102, *Certain Risk Disclosures* (GASB 102). This Statement requires disclosure of concentrations and constraints that may expose an entity to a risk of significant financial impact if certain events occur. Adoption of GASB 102 did not have an impact on the Board's financial position or results of operations, and management determined that no additional disclosures were required for the year ended June 30, 2025.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Board considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

Investments

This classification includes non-negotiable certificates of deposit and investments in brokered certificates of deposit with original maturities of more than three months. Certificates of deposit maturing within one year are shown as current. Non-negotiable certificates of deposit are reported at cost plus accrued interest to date. Investments in brokered certificates of deposit are reported at fair market value.

Accounts Receivable

Accounts receivable consist of civil penalties and legal fees due from administrative proceedings. Management evaluates collectibility based on historical experience and establishes an allowance for doubtful accounts as needed. Uncollectible amounts are written off against the allowance when identified. For the fiscal year ended June 30, 2025, all uncollected receivables were written off, resulting in a net accounts receivable balance of \$0.

Right-To-Use Leased Asset and Lease Liabilities

Leases that provide the Board the right to use an asset for a period of more than one year are considered a capital asset. Right-to-use leased assets are recorded at the initial measurement of the lease liability which equals the present value of all payments expected to be made during the lease term. The right-to-use leased assets are amortized on a straight-line basis over the term of the lease(s).

Lease liabilities represent the Board's financial obligation to make lease payments during the term of the lease and is measured at the present value of future lease payments.

Unearned Revenues

Licenses are renewed for a period of one year. License applications, renewal fees, and exam fees received in advance are deferred and recognized as revenue in the period to which they relate.

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment of \$300 or more with an expected useful life greater than two years are considered capital assets. Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the following useful lives:

Furniture and equipment	5 - 10 years
Computer equipment	3 - 4 years
Vehicles	4 - 5 years

When an asset is disposed of, the cost of the asset and the related accumulated depreciation are removed from the books. Any gain or loss on disposition is reflected in non-operating revenue or expense for the period.

Compensated Absences

Board employees earn vacation and sick leave, and a liability for compensated absences is recorded as leave is earned. The liability is measured at current pay rates as of the financial statement date.

Employees may accumulate up to thirty days (240 hours) of earned vacation, which is fully vested when earned. Any vacation leave in excess of the limit at year-end is converted to sick leave. At June 30, 2025, the accrued vacation liability included in accrued compensated absences on the accompanying Statements of Net Position totaled \$78,520.

The Board's sick leave policy allows employees to accumulate an unlimited amount of earned sick leave. Employees may remain on payroll and utilize accumulated sick leave until they have satisfied the service requirements for retirement eligibility (10 years of service after age 65; 20 years of service after age 60; or 30 years of service at any age). Upon termination of employment, any remaining unused sick leave is converted to a lump-sum contribution into the employee's retirement account equal to 6% of the employee's monthly wages for each month, or portion thereof, of unused sick leave. At June 30, 2025, the accrued sick leave liability included in accrued compensated absences on the accompanying Statements of Net Position totaled \$669,800.

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element called deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. As of June 30, 2025, the Board has no items that meet the criterion for this category.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, called deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Board has the following items that meet the criterion for this category: Other postemployment benefit deferrals which includes differences between expected and actual experience and changes in assumptions, as described in Note 8.

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position

The Board's net position is classified as follows:

Investment in Capital Assets - This represents the Board's total investment in capital assets. Capital assets include property and equipment, net of accumulated depreciation; right-to-use leased assets, net of accumulated amortization and related lease liabilities.

Unrestricted - This represents assets with no external restriction as to use or purpose. Unrestricted net assets can be employed for any purpose designated by the governing board, as distinguished from funds restricted externally for specific purposes. The Board has designated \$432,863 of unrestricted net assets for future retiree health insurance and \$240,691 for future property and equipment costs. The Board may change such reserved amounts based on perceived operating conditions and situations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates, resulting in adjustments in future periods.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Board's deposits include cash on deposit in financial institutions, money market accounts, and certificates of deposit.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be returned to it. The Board does not have a formal deposit policy for custodial credit risk. The Board's deposits with each commercial bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2025, the Board had cash deposits that exceeded the FDIC limits by \$2,026,743.

Interest rate risk: Interest rate risk is the risk that the Board may face should interest rate variances affect the fair value of investments. The Board manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit risk: Credit risk is the risk an issuer or other counter party to an investment will not fulfill its obligation. The Board manages credit risk by diversifying its investment portfolio. Investments are limited to certificates of deposit.

The following table presents the carrying value of investments by type and investments subject to interest rate risk and credit risk at June 30, 2025:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Properties of Debt Securities</u>	
		<u>Credit Rating</u>	<u>Weighted Average Maturities</u>
Certificates of deposit, non-negotiable	\$ 971,054	N/A	1.63
Certificates of deposit, brokered	346,003	N/A	11.39
	<u>\$1,317,057</u>		

NOTE 3 - FAIR VALUE INVESTMENTS

Fair value, as defined under U.S. GAAP, is an exit price representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

- Level 1: Observable inputs such as quoted prices in active markets.
- Level 2: Inputs other than quoted prices in active markets that are either directly or indirectly observable.
- Level 3: Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Board's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

The following tables set forth by level the fair value hierarchy of the Board's financial assets and liabilities accounted for at fair value on a recurring basis as of June 30, 2025:

	Total Fair Value	Level 1	Level 2	Level 3
Certificates of deposit	<u>\$ 346,003</u>	<u>\$ -</u>	<u>\$ 346,003</u>	<u>\$ -</u>

The investment balance on the Statement of Net Position includes non-negotiable certificates of deposit totaling \$971,054 as of June 30, 2025, recorded at cost plus accrued interest. These are not included in the fair value hierarchy above.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment were comprised of the following as of June 30, 2025:

	Cost 6/30/2024	Additions	Disposals	Cost 6/30/2025	Accum. Depreciation	Net Amount
Vehicles	114,468	37,480	(52,239)	99,709	(41,439)	58,270
Equipment, furniture and software	150,177	10,139	-	160,316	(68,862)	91,454
	<u>\$ 264,645</u>	<u>\$ 47,619</u>	<u>\$ (52,239)</u>	<u>\$ 260,025</u>	<u>\$ (110,301)</u>	<u>\$ 149,724</u>

NOTE 5 - RIGHT-TO-USE LEASED ASSETS AND RELATED LEASE LIABILITIES

The Board has a lease providing the right-to-use office space beginning July 1, 2023. The lease has a term of five years with monthly payments starting at \$8,269, escalating 3% annually. The lease has a renewal option of an additional five years with monthly payments starting at \$8,313, escalating 3% annually. The Board is reasonably certain it will exercise the renewal option.

The Board has a copier lease, initiated in October 2021, with a 63-month term and monthly payments of \$389.

NOTE 5 - RIGHT-TO-USE LEASED ASSETS AND RELATED LEASE LIABILITIES (Continued)

The Board has a postage meter lease, initiated in July 2023, with a 60-month term and monthly payments of \$190.

For the year ended June 30, 2025, lease expense was comprised of the following:

Amortization expense by class of underlying asset	
Office space	\$ 90,647
Office equipment	<u>6,427</u>
	97,074
Interest on lease liabilities	<u>25,339</u>
Total lease expense	<u>\$ 122,413</u>

Right-to-use leased assets activity:

	<u>6/30/2024</u>	<u>Additions</u>	<u>Subtractions</u>	<u>6/30/2025</u>
Office space	\$ 906,104	\$ -	\$ -	\$ 906,104
Office equipment	33,424	-	-	33,424
Less: accumulated amortization	<u>(104,834)</u>	<u>(97,074)</u>	-	<u>(201,908)</u>
Right-to-use assets, net	<u>\$ 834,694</u>	<u>\$ (97,074)</u>	<u>\$ -</u>	<u>\$ 737,620</u>

Lease liabilities were comprised of the following:

	<u>6/30/2024</u>	<u>Additions</u>	<u>Subtractions</u>	<u>6/30/2025</u>
Total lease liabilities	<u>\$ 845,693</u>	<u>\$ -</u>	<u>\$ (84,049)</u>	<u>\$ 761,644</u>

Future lease payments are comprised of the following:

Years ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2026	\$ 82,585	\$ 22,837	\$ 105,422
2027	93,082	19,959	113,041
2028	96,958	16,999	113,957
2029	85,633	14,117	99,750
2030	91,397	11,346	102,743
Thereafter	<u>311,989</u>	<u>15,515</u>	<u>327,504</u>
	<u>\$ 761,644</u>	<u>\$ 100,773</u>	<u>\$ 862,417</u>

NOTE 6 - COMPENSATED ABSENCES

Changes to accrued compensation for the year ended June 30, 2025 are as follows:

	<u>2025</u>
Beginning accrued compensated absences	\$ 676,282
Compensated absences earned	131,950
Compensated absences used	<u>(59,912)</u>
Ending accrued compensated absences	<u>\$ 748,320</u>

NOTE 7 - PENSION PLAN

Defined Contribution Plan

The Board participates in the North Carolina Licensing Board Retirement Savings Plan (Plan), which is a defined contribution plan created under Internal Revenue Code Section 401(k) for eligible employees. The Employer, defined as the eight participating licensing boards, is empowered to appoint and remove the Trustee and Administrator. The Plan is administered by Empower. Employees are eligible to participate in the Plan immediately upon employment. For each year of service, employer contributions and the applicable earnings vest 20% per year. A 6% contribution, based on eligible employee compensation, is made monthly by both the Board and the employee to the individual employee accounts. Employees are permitted to make additional voluntary contributions to the Plan up to the applicable Internal Revenue Code limits. Employee contributions and the applicable earnings on those contributions vest immediately. Nonvested Board contributions and the applicable earnings are forfeited upon termination from employment to the applicable participating occupational licensing board. Administrative expenses are paid by the participating occupational licensing boards in accordance with the boards' percentage of plan assets.

For the year ended June 30, 2025, Board pension costs including administrative fees totaled \$45,641. Employee contributions totaled \$42,684 for the year ended June 30, 2025. Forfeitures are used to reduce employer contributions. For the year ended June 30, 2025, employer contributions were reduced by \$0, by forfeited nonvested accounts. The forfeiture amount as of June 30, 2025, was \$9,741, which will be used during the 2026 fiscal year.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFIT PLANS

The Board has a defined benefit healthcare plan in place for retirees who meet certain conditions, which is considered another post-employment benefit plan ("OPEB"). The Plan is accounted for under the provisions of Governmental Accounting Standards Board (GASB) Statement No.75 (GASB75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Plan Description:

The plan is a self-administered, single-employer plan, and no assets are accumulated in a trust that meets the criteria of GASB Statement No. 75. Significant terms of the Plan are as follows:

Eligibility: Employees who attain age 60 with at least 10 years of service with the Board, or attain 30 years of service at any age are eligible for health benefits in retirement.

Benefits Provided: Eligible retirees receive medical and prescription drug coverage for their lifetime. This coverage is provided through individual health policies that are procured by the retiree. The Board will reimburse the retiree a percentage of the premium based on age and service at retirement as shown in the table below.

Age	Board Service	Percent of Premium Paid by Board
60	10-20	50%
60	20 or more	100%
any	30 or more	100%

NOTE 8 - OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Plan Description (Continued):

Coverage: Upon retirement, eligible retirees procure their own individual health insurance policies. Upon Medicare eligibility, a Medicare supplemental policy is procured by the retiree. Eligible retirees may elect to cover their family members. The retiree is responsible for paying the full cost for any covered spouse and/or dependent(s).

At the valuation date of June 30, 2024, the following number of employees were covered by the plan:

Active employees	8
Retired participants and beneficiaries	6
	<hr/>
	14

Other Postemployment Benefits Liability

At June 30, 2025, the Board reported a total OPEB liability of \$613,542. The OPEB liability was measured as of June 30, 2025 based on an actuarial valuation as of June 30, 2024. See the required supplementary information, Schedule of Changes in the Total OPEB Liability and Related Ratios for the current year changes in the OPEB liability.

Assumption Changes: The discount rate was changed from 3.97% to 4.81% which resulted in an inflow of resources.

Actuarial Assumptions: Key actuarial assumptions and methods that were used for the June 30, 2024 actuarial valuation are set forth below.

Discount Rate: 4.81%. Pursuant to GASB 75, for unfunded plans the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The S&P Municipal Bond 20-Year High Grade Rate Index is often cited as an appropriate benchmark. That index was 4.81% on June 30, 2025. A discount rate of 3.97% was used at the prior measurement date.

Payroll Growth Assumption: 3.25%. This assumption is from the North Carolina Local Governmental Employees' Retirement System (NCLGERS) experience study for the five year period January 1, 2015 through December 31, 2019.

Inflation Rate: 2.50%. This assumption is from the North Carolina Local Governmental Employees' Retirement System (NCLGERS) experience study for the five year period January 1, 2015 through December 31, 2019.

Disability: None assumed.

Retirement Rates: All participants are assumed to retire upon attainment of age 65 with at least 10 years of service.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Mortality Rates: For pre-retirement, the Pub-2010 General Employees Male and Female Mortality tables projected generationally with MP-2019 are used. For post retirement, the Pub-2010 General Retirees Mortality tables projected generationally with MP-2019 are used. The male rates are set forward 2 years and adjusted with the following factors: 80 and younger, 96.0%; age 81, 96.8%; age 82, 97.6%; age 83, 98.4%; age 84, 99.2%; age 85 and older, 100.0%. The female rates are adjusted with the following factors: 91 and younger, 100.0%; age 92, 102.5%; age 93, 105.0%; age 94, 107.5%; age 95 and older, 110.0%. This assumption is from the North Carolina Local Governmental Employees' Retirement System (NCLGERS) experience study for the five year period January 1, 2015 through December 31, 2019.

Sample mortality rates shown below are the base rates with the multipliers applied.

Age	Pre-Retirement		Post-Retirement	
	Male	Female	Male	Female
25	0.0280%	0.0090%		
30	0.0360%	0.0150%		
35	0.0470%	0.0230%		
40	0.0660%	0.0360%		
45	0.0980%	0.0560%		
50	0.1490%	0.0830%		
55	0.2190%	0.1230%	0.4771%	0.2860%
60	0.3190%	0.1860%	0.6845%	0.3840%
65	0.4680%	0.2960%	1.0637%	0.6130%
70	0.7030%	0.4890%	1.8278%	1.0630%
75	1.0960%	0.8080%	3.2266%	1.8830%
80	1.7300%	1.3300%	5.8099%	3.3600%

Per Capita Claims Costs: Upon retirement, all retirees are responsible for procuring individual health insurance policies. The Board will reimburse the retiree either 50% or 100% of the premium based on the retiree's age and service at retirement (see the Summary of Plan Provisions on page 15 herein). For current retirees, actual premiums are valued. Upon attaining Medicare eligibility, the assumed cost of coverage for future retirees and any current retirees under age 65 is based on the current cost of a Blue Cross Blue Shield Medicare Supplement Plan G and Part D coverage. The assumed Part D premium is the average of the Part D premiums for current retirees. The assumed annual Plan G and Part D costs are shown below.

Age	Male	Female
65	\$ 1,593	\$ 1,395
68	1,788	1,563
71	2,235	1,959
74	2,814	2,466
77	3,390	2,970
80+	3,969	3,477
Part D	\$ 373	\$ 373

Termination Rates: None assumed.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Participation Rates: 100% of eligible retirees are assumed to elect coverage upon retirement. 0% of retirees who elect coverage upon retirement are assumed to cover their spouse.

Medical Trend: The table below shows the assumed annual trend for medical and prescription drug costs. The trend is assumed to occur on July 1st of the year shown in the table.

Year	Pre 65	Post 65
2025	7.00%	5.50%
2026	6.50%	5.50%
2027	6.00%	5.50%
2028	5.50%	5.50%
2029	5.25%	5.25%
2030	5.00%	5.00%
2031	4.75%	4.75%
>= 2032	4.50%	4.50%

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability, calculated using the current discount rate, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease (3.81%)	Current Discount Rate (4.81%)	1% Increase (5.81%)
\$ 711,447	\$ 613,542	\$ 535,085

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

1% Decrease	Current Discount Rate	1% Increase
\$ 570,081	\$ 613,542	\$ 776,879

Other Post Employment Benefit Expense

For the year ended June 30, 2025, OPEB expense is as follows:

Service cost	28,235
Interest on the total OPEB liability	25,722
Expensed portion of current-period changes in assumptions	(12,863)
Recognition of deferred inflows	(1,774)
OPEB expense	<u>\$ 39,320</u>

The OPEB expense for the year ended June 30, 2025 was derived from the initial actuarial valuation which was performed on June 30, 2024.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Deferred Inflows of Resources Related to OPEB

At June 30, 2025, the Board reported deferred inflows of resources related to OPEBs from the following sources:

	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -
Changes of assumptions	(69,948)
	<u>\$ (69,948)</u>

Collective amounts reported as deferred inflows of resources will be recognized in expense in future years as follows:

Years ending June 30:	Deferred Inflows of Resources
2026	\$ (14,637)
2027	(14,637)
2028	(14,637)
2029	(14,458)
2030	(11,579)
Thereafter	-
	<u>\$ (69,948)</u>

NOTE 9 - AMOUNT DUE ENGINEERING FOUNDATION

Chapter 87, Article 45 of the North Carolina General Statutes provides that the Board shall retain no more than 20% of the prior year's gross receipts after providing for all expenses of the Board for the period. Excess funds shall be forwarded to the North Carolina Engineering Foundation, Inc. for the benefit of the Electrical Engineering Department of the Greater University of North Carolina.

For June 30, 2025 the amount due to the Engineering Foundation, Inc. is calculated as follows:

Change in net position	<u>\$ 385,742</u>
Less:	
Gross receipts	2,295,537
Percent to retain	<u>20%</u>
	<u>459,107</u>
Amount due Engineering Foundation, Inc.	<u>\$ -</u>

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. Tort claims of Board members are self-insured by the State under the authority of the State Tort Claims Act. Additional coverage is provided to the Board under the State's public officers' and employees' liability insurance contract with a private insurance company. The Board also protects itself from exposures to loss through the purchase of commercial insurance, of which coverage includes building and contents, commercial liability, directors' and officers' liability, workers' compensation and employers' liability.

NOTE 11 - CONTINGENT LIABILITIES

The Board is involved in a number of disciplinary hearings throughout the year which arise in the ordinary course of its operations. In the opinion of management, the results of such actions during the years under audit do not materially affect the financial position of the Board at year-end.

NOTE 12 - RESTATEMENT

Management has restated unrestricted net position as of July 1, 2024 to reflect the implementation of GASB Statement No. 101, which is reported as a restatement to unrestricted net position - beginning of year in the accompanying Statement of Revenues, Expenses and Changes in Net Position for the year ended June 30, 2025. The restatement results from the recognition of additional compensated absences. The impact to unrestricted net position as of July 1, 2024 is as follows:

	<u>As Previously Reported</u>	<u>As Restated</u>	<u>Effect of Change</u>
Statement of Revenues, Expenses and Changes in Net Position:			
Net position - beginning of year	\$1,338,388	\$ 730,038	\$(608,350)

NOTE 13 - SUBSEQUENT EVENTS

Management of the Board evaluated subsequent events through October 2, 2025, which is the date the financial statements were available to be issued. Management discovered no subsequent events which should be disclosed.

The audit was conducted in approximately 85 hours at a cost of \$20,800.

STATE BOARD OF EXAMINERS OF ELECTRICAL CONTRACTORS
Schedule of Changes in the Total OPEB Liability and Related Ratios
Year Ended June 30, 2025

	2025	2024
Total OPEB liability		
Service cost	\$ 28,235	\$ 28,257
Interest	25,722	24,158
Difference in expected and actual experience	-	-
Changes in assumptions	(75,894)	(10,465)
Changes of benefit terms	-	-
Benefit payments	(24,848)	(14,944)
Other	-	-
Net change in total OPEB liability	(46,785)	27,006
Total OPEB - beginning	660,327	633,321
Total OPEB - ending	<u>\$ 613,542</u>	<u>\$ 660,327</u>
 Covered-employee payroll	 \$ 655,570	 \$ 655,570
 Total OPEB liability as a percentage of covered-employee payroll	 93.59%	 100.73%

**Information for periods prior to the implementation of GASB 75 is unavailable and will be completed for each year going forward as information becomes available.*

See Independent Auditor's Report

October 2, 2025

Board of Directors
State Board of Examiners of Electrical Contractors
Garner, NC

We have audited the financial statements of the State Board of Examiners of Electrical Contractors (the "Board") as of and for the year ended June 30, 2025, and have issued our report thereon dated October 2, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated July 2, 2025, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of the system of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the system of internal control of the Board solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

We confirm that we are independent of the State Board of Examiners of Electrical Contractors, and we have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

We have identified the following significant risks, which were considered in our planning and performance of the audit:

- Improper revenue recognition
- Management override of controls

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. A summary of the significant accounting policies used by the Board is included in Note 1 to the financial statements. During the year ended June 30, 2025, the Board adopted GASB Statement No. 101, *Compensated Absences* (GASB 101), and GASB Statement No. 102, *Certain Risk Disclosures* (GASB 102). We noted no transactions entered into by the Board during the year for which there is a lack of guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Significant Accounting Estimates and Related Disclosures

Accounting estimates and related disclosures are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Management's estimate of depreciation is based on the useful lives of the property and equipment being depreciated.
- The initial recording of right-of-use leased assets and their related liabilities are based on the discount rate used to measure the present value of future lease obligations.
- The total other post-employment benefits (OPEB) liability is estimated using actuarial assumptions.
- Unearned revenue from exam fees is estimated as the fees received in June.

We evaluated the factors and assumptions used to develop the above estimates and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Board's financial statements relate to:

- The fair value investment disclosure in Note 3, which classifies investments within hierarchy levels, offering insight into the reliability of the fair value measurements.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. All such misstatements were corrected by management and are listed in Appendix A.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Board's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Management Representation

We have requested certain written representations from management, which are included in the management representation letter dated October 2, 2025.

Management's Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Board's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with the Board, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Board's auditors.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, and the Schedule of Changes in the Total OPEB Liability and Related Ratios, which are required supplementary information (RSI) that supplement the basic financial statements.

Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

State Board of Examiners of Electrical Contractors
October 2, 2025
Page 4

This information is intended solely for the use of the Board of Directors and management of the State Board of Examiners of Electrical Contractors and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully,

Glidewell CPA, PLLC

Glidewell CPA, PLLC
Cary, North Carolina
October 2, 2025

Appendix A
NC State Board of Examiners of Electrical Contractors
ADJUSTING JOURNAL ENTRIES
June 30, 2025

Account	Description	Debit	Credit
Adjusting Journal Entries			
AJE # 1			
To roll equity			
282	Post Employment Benefits		27,006.00
290	Deferred Inflow Chg Assumptions		8,691.00
340	Undesignated Funds	35,697.00	
Total		35,697.00	35,697.00
AJE # 2			
To record change in accrued interest and record 1/14/25 renewal of Southern First acct 14025 CD.			
110	Certificates of Deposits		16,999.00
	Accrued Interest	16,999.00	
110	Certificates of Deposits	4,799.00	
455	Interest Income		4,799.00
	Accrued Interest		4,350.00
455	Interest Income	4,350.00	
Total		26,148.00	26,148.00
AJE # 3			
To adjust accrued compensated absences based on schedules provided by client			
570	Salary	10,588.00	
280	Accrued Vacation - Long term		10,588.00
570	Salary	61,450.00	
340	Undesignated Funds	608,350.00	
gcp281	Accrued Sick Leave		669,800.00
Total		680,388.00	680,388.00
AJE # 4			
To adjust deferred exam fees based on current year June receipts provided by client			
gcp276	Deferred exam fees		33,875.00
445	Exam Fees	33,875.00	
Total		33,875.00	33,875.00

AJE # 6

To adjust OPEB based on actuarial report provided by client

282	Post Employment Benefits	46,785.00	
515	Insurance		24,848.00
290	Deferred Inflow Chg Assumptions		61,257.00
615	OPEB Expense	39,320.00	
Total		86,105.00	86,105.00

AJE # 7

To adjust designated funds based on board policy

330	Investment in Fixed Assets		1,673.00
320	Designated for Furn/Equipment	16,874.00	
335	Retiree Insurance Reserve Fund		18,722.00
340	Undesignated Funds	3,521.00	
Total		20,395.00	20,395.00

September 15, 2025
Reed Fountain
Young Moore Attorneys
3101 Glenwood Ave., Suite 200
Raleigh, NC 27612

Dear Mr. Fountain:

In connection with an audit of our financial statements as of June 30, 2025 and for the year then ended, please furnish to our independent auditors, Glidewell CPA, PLLC, the following information concerning certain contingencies involving matters as to which you have devoted substantive attention on behalf of NC State Board of Examiners of Electrical Contractors in the form of legal consultation or representation. These contingencies are regarded by us as material for this purpose if they involve claims amounting to more than \$6,000, individually or in the aggregate.

Pending or Threatened Litigation, Asserted Claims, and Assessments

Please furnish to our auditors a description and evaluation of all pending or threatened litigation, asserted claims, and assessments. Your response should include the following:

1. The nature of each matter, including (a) the proceedings, (b) the amount of monetary damages sought, or if no amounts are indicated, a statement to that effect, (c) the extent to which potential damages are covered by insurance, and (d) the objectives sought by the plaintiff other than monetary or other damages.
2. The progress of each matter to date.
3. The way we are responding or intend to respond (e.g., to contest the case vigorously or to seek an out-of-court settlement).
4. An evaluation of the likelihood of an unfavorable outcome and an estimate, if one can be made, of the amount or range of potential loss. If you cannot express an opinion on the outcome of certain litigation, please so state, together with your reasons for that position.

Unasserted Claims and Assessments

We have represented to our auditors that there are no unasserted possible claims or assessments that you have advised us are probable of assertion and must be disclosed in accordance with the applicable requirements of Governmental Accounting Standards Board Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (which codifies FASB Accounting Standards Codification (ASC) 450, *Contingencies*, excerpts of which can be found in the ABA's *Auditor's Letter Handbook*).

We understand that whenever, in the course of performing legal services for us with respect to a matter recognized to involve an unasserted possible claim or assessment that may call for financial statement disclosure, if you have formed a professional conclusion that we should disclose or consider disclosure concerning such possible claim or assessment, as a matter of professional responsibility to us, you will so advise us and will consult with us concerning the question of such disclosure and the applicable requirements of GASB-62 (ASC 450). Please specifically confirm to our auditors that our understanding is correct.

Other Matters

Please indicate the amount owed to you for services and expenses, billed and unbilled, as of June 30, 2025.

Response

Your response should include matters that existed as of June 30, 2025, and additional information about those matters or new matters that arose during the period from that date to the effective date of your response.

Please specifically identify the nature of and reasons for any limitation on your response.

We expect to have our audit completed about October 2, 2025. Therefore, we appreciate receiving your reply by that date with a specified effective date no earlier than September 19, 2025. Should our auditors require an update to your response, please furnish the requested update.

Your response will not be quoted or referred to in the entity's financial statements without prior consultation with you.

We do not intend that either our request to you to provide information to our auditor or your response to our auditor should be construed in any way to constitute a waiver of the attorney-client privilege or the attorney work-product privilege.

Please send your response directly to our auditors at **Glidewell CPA, PLLC, 1144 Executive Circle, Suite 216, Cary, NC** or **patricia@glidewellcpa.com**, with a copy to me.

Thank you for your anticipated timely cooperation with this request.

Respectfully,

A handwritten signature in black ink, appearing to read "Tim Norman", with a long horizontal line extending to the right.

Tim Norman
Executive Director
NC State Board of Examiners of Electrical Contractors



October 2, 2025

Management and the Board of Directors
State Board of Examiners of Electrical Contractors
505 N. Greenfield Parkway, Suite 100
Garner, NC 27529

In planning and performing our audit of the basic financial statements of the State Board of Examiners of Electrical Contractors (the "Board") as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the Board's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated October 2, 2025 on the financial statements of the State Board of Examiners of Electrical Contractors.

Monitoring of 401(k) Forfeitures

We noted a forfeiture balance related to a January 2024 employee termination that had not yet been applied. We recommend that management establish a process to regularly monitor forfeiture activity to ensure all amounts are identified and applied on a timely basis.

Funding for OPEB Liability

The Board currently designates funds for the Retiree Health Plan (OPEB liability). We recommend that the Board evaluate the potential benefits of establishing a trust for these funds to enhance the long-term management of this liability.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Board and is not intended to be, and should not be, used by anyone other than these specified parties.

GlideWell CPA, PLLC

Cary, North Carolina
October 2, 2025



YOUNG MOORE
ATTORNEYS

Reed N. Fountain
Attorney and Certified Mediator

Email: rnf@ymh.com
Direct Dial 919-861-5122

September 29, 2025

Glidewell CPA, PLLC (patricia@glidewellcpa.com)
1144 Executive Circle, Suite 216
Cary, NC 27511

Re: North Carolina State Board of Examiners of Electrical Contractors

To Whom It May Concern:

Pursuant to your letter dated September 15, 2025, Tim Norman, Executive Director of the North Carolina State Board of Examiners of Electrical Contractors, requested us to furnish you certain information in connection with your examination of the North Carolina State Board of Examiners of Electrical Contractors (hereinafter referred to as the "Company") as of June 30, 2024, and for the year then ended.

While this firm has on occasion represented the Company in connection with specific legal matters, our engagement has been limited to those specific matters as to which we have been consulted by the Company.

The Company has advised us that, by making the request set forth in its letter to us, the Company does not intend to waive the attorney/client privilege with respect to any information which the Company has furnished to us. Moreover, please be advised that our response to you should not be construed in any way to constitute a waiver of the protection of the attorney work product privilege with respect to any of our files involving the Company.

Subject to the foregoing and to the last paragraph of this letter, we advise you that we have not been engaged to give substantive attention to, or represent the Company in connection with, material loss contingencies within the scope of clause (a) of Paragraph 5 of the Statement of Policy referenced in the last paragraph of this letter, except as follows:

At any time during the year and as of June 30, 2025, the firm was involved in approximately fifty (50) cases, some of which were scheduled for hearing before the Board in connection with discipline of persons holding license from the Board or seeking to obtain license. Others were proceedings in Superior Court, the purpose of which was to enjoin violations of the licensing requirements by persons who do not possess license or to find in contempt of Court persons who have violated previous Court Orders. In our opinion, none of these proceedings are likely to have financial consequences, either positive or negative, which

September 29, 2025

Page 2

are material individually or in the aggregate. As a consequence, such proceedings are not discussed in detail here and are not perceived to be material within the meaning of your request.

The Company has not specifically identified any unasserted claims and assessments nor has the Company specifically requested us to supplement or comment on any unasserted claims and assessments of which they are aware. We have made no review of the Company's transactions for the purpose of identifying loss contingencies or unasserted claims and assessments.

Our records indicate that, as of June 30, 2025, there were no billed fees and expenses due, and unbilled fees and expenses in the amount of \$24,115.93.

The information set forth herein is as of September 19, 2025, the date on which we commenced our internal review procedures for the purpose of preparing this response, and we disclaim any undertaking to advise you of changes which thereafter have been or hereafter may be brought to our attention.

This response is limited by, and in accordance with, the ABA Statement of Policy Regarding Lawyers' Responses to Auditors' Requests for Information (December, 1975); without limiting the generality of the foregoing, the limitations set forth in such Statement on the scope and use of this response (Paragraphs 2 and 7) are specifically incorporated herein by reference, and any description herein of any "loss contingencies" is qualified in its entirety by Paragraph 5 of the Statement and the accompanying Commentary (which is an integral part of the Statement). Consistent with the last sentence of Paragraph 6 of the ABA Statement of Policy and pursuant to the Company's request, we confirm that whenever, in the course of performing legal services for the Company with respect to a matter recognized by us to involve an unasserted possible claim or assessment calling for financial statement disclosure, we have formed a professional conclusion that the Company may disclose or consider disclosure concerning such possible claim or assessment, we, as a matter of professional responsibility to the Company, will so advise the Company and will consult with the Company to the extent it requests us to do so concerning the question of such disclosure and the applicable requirements of Statement of Financial Accounting Standards No. 5.

Sincerely yours,

YOUNG MOORE AND HENDERSON P.A.

By:


Reed N. Fountain

RNF/emo

cc: Tim Norman, tim.norman@ncbeec.org
4912-3780-6943/300035-001

AUDIT ENGAGEMENT LETTER

July 2, 2025

Tim Norman
Executive Director
NC State Board of Examiners of Electrical Contractors
505 N. Greenfield Parkway, Suite 100
Garner, NC 27529

Dear Mr. Norman:

The following represents our understanding of the services we will provide to the NC State Board of Examiners of Electrical Contractors.

You have requested that we audit the basic financial statements of NC State Board of Examiners of Electrical Contractors, as of June 30, 2025, and for the years then ended and the related notes, which collectively comprise NC State Board of Examiners of Electrical Contractors' basic financial statements as listed in the table of contents. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and 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.

Accounting principles generally accepted in the United States of America, (U.S. GAAP,) as promulgated by the Governmental Accounting Standards Board (GASB) require that the below specified supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America, (U.S. GAAS). These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by U.S. GAAP. This RSI will be subjected to certain limited procedures but will not be audited:

- Management Discussion & Analysis
- Schedule of Changes in the Total OPEB Liability and Related Ratios

Auditor Responsibilities

We will conduct our audit in accordance with GAAS. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- 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 entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- 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, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NC State Board of Examiners of Electrical Contractors' ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS.

Our responsibility as auditors is limited to the periods covered by our audit and does not extend to any other periods.

Compliance with Laws and Regulations

As previously discussed, as part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of NC State Board of Examiners of Electrical Contractors' compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Management Responsibilities

Our audit will be conducted on the basis that management acknowledge and understand that they have responsibility:

- a. For the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of;
- b. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements; and
- c. To provide us with:
 - i. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation, and other matters;
 - ii. Additional information that we may request from management for the purpose of the audit; and
 - iii. Unrestricted access to persons within the entity and others from whom we determine it necessary to obtain audit evidence.
- d. For including the auditor's report in any document containing basic financial statements that indicates that such basic financial statements have been audited by us;
- e. For identifying and ensuring that the entity complies with the laws and regulations applicable to its activities;
- f. For adjusting the basic financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year periods under audit are immaterial, both individually and in the aggregate, to the basic financial statements as a whole; and
- g. For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
- h. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
- i. For informing us of any known or suspected fraud affecting the entity involving management, employees with significant role in internal control and others where fraud could have a material effect on the financials; and
- j. For the accuracy and completeness of all information provided.

As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit.

Nonattest Services

With respect to any nonattest services we perform, we agree to prepare financial statements based on your working trial balance and information provided by you.

As part of our engagement, we may also propose adjusting or correcting journal entries to be reviewed and approved by NC State Board of Examiners of Electrical Contractors' management.

We will not assume management responsibilities on behalf of the NC State Board of Examiners of Electrical Contractors. However, we will provide advice and recommendations to assist management of the NC State Board of Examiners of Electrical Contractors in performing its responsibilities.

NC State Board of Examiners of Electrical Contractors' management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

Our responsibilities and limitations of the nonattest services are as follows:

- The nonattest services are limited to the preparation of financial statements based on your trial balance and information provided by you, previously outlined. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account coding and approving journal entries.

Reporting

We will issue a written report upon completion of our audit of NC State Board of Examiners of Electrical Contractors' basic financial statements. Our report will be addressed to the Board of Directors of NC State Board of Examiners of Electrical Contractors. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s) to our auditor's report, or if necessary, withdraw from the engagement. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

Other

We understand that your employees will prepare all confirmations we request and will locate any documents or support for any other transactions we select for testing.

Regarding the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Professional standards prohibit us from being the sole host and/or the sole storage for your financial and non-financial data. As such, it is your responsibility to maintain your original data and records and we cannot be responsible to maintain such original information. By signing this engagement letter, you affirm that you have all the data and records required to make your books and records complete.

Provisions of Engagement Administration, Timing and Fees

During the course of the engagement, we may communicate with you or your personnel via e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

We expect to begin initial planning and conduct the primary fieldwork in the week of August 11, 2025 and issue the audit report in September/October 2025 based on scheduled board meetings.

Patricia Glidewell is the engagement principal for the audit services specified in this letter. Her responsibilities include supervising Glidewell CPA, PLLC's services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

Our fees are based on the amount of time required to complete the engagement. We estimate that our fee for the audit will be \$20,800. We will notify you immediately of any circumstances we encounter that could significantly affect this initial fee estimate. Whenever possible, we will attempt to use NC State Board of Examiners of Electrical Contractors' personnel to assist in the preparation of schedules and analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit. Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

During the course of the audit we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

You agree to inform us of facts that may affect the basic financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

At the conclusion of our audit engagement, we will communicate to the Board of Directors of the NC State Board of Examiners of Electrical Contractors the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

The audit documentation for this engagement is the property of Glidewell CPA, PLLC and constitutes confidential information. However, we may be requested to make certain audit documentation available to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Glidewell CPA, PLLC's personnel

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the basic financial statements including our respective responsibilities.

We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

Respectfully,

Patricia Glidewell

Patricia Glidewell
Glidewell CPA, PLLC
1144 Executive Circle, Suite 216
Cary, NC 27511

July 2, 2025

RESPONSE:

This letter correctly sets forth our understanding.

NC State Board of Examiners of Electrical Contractors

Acknowledged and agreed on behalf of NC State Board of Examiners of Electrical Contractors by:

Electronically Signed: 2025-07-02 19:38:21 UTC - 48 20 216 106
Tim Norman
Niteset AssuredSign
0c8837ee-bc8b-4c8b-bf8a-b30a0142748d

Tim Norman, Executive Director

MANAGEMENT REPRESENTATION LETTER

October 2, 2025

To Glidewell CPA, PLLC
1144 Executive Circle, Suite 216
Cary, NC 27511

This representation letter is provided in connection with your audit of the financial statements of the State Board of Examiners of Electrical Contractors (the "Board"), an enterprise fund of the State of North Carolina, which comprise the statement of net position as of June 30, 2025, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, 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.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of October 2, 2025:

Financial Statements

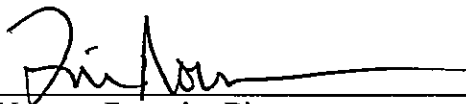
- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 2, 2025, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of the system 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.
- We acknowledge our responsibility for compliance with laws and regulations.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures, are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of the applicable financial reporting framework.
- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

- We have included in the financial statements all assets and liabilities under the Board's control.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All components of net position are properly classified and, if applicable, approved.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- With respect to the preparation of the Board's financial statements based on our working trial balance and information provided by us, we have performed the following:
 - Made all management decisions and performed all management functions;
 - Assigned a competent individual to oversee the services;
 - Evaluated the adequacy of the services performed;
 - Evaluated and accepted responsibility for the result of the service performed; and
 - Established and maintained controls, including a process to monitor the system of internal control.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
 - Additional information that you have requested from us for the purpose of the audit;
 - Unrestricted access to persons within the Board and others from whom you determined it necessary to obtain audit evidence;
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our evaluation of the Board's ability to continue as a going concern, including significant conditions and events present, and we believe that our use of the going concern basis of accounting is appropriate.

- We have no knowledge of any fraud or suspected fraud that affects the Board and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others when the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the Board's financial statements communicated by employees, former employees, analysts, regulators, or others.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The Board has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which the Board is contingently liable.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- The Board has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral.
- We have no knowledge of any noncompliance or suspected noncompliance with laws, regulations, contracts, and grant agreements whose effects should be considered when preparing financial statements.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation, claims, or assessments.
- We have disclosed to you the identity of all the Board's related parties and the nature of all the related party relationships and transactions of which we are aware.
- We have provided you all minutes of the meetings of the board, or those charged with governance, or summaries of actions of recent meetings for which minutes have not yet been prepared.



Tim Norman, Executive Director