NC BOARD OF ARCHITECTURE AND REGISTERED INTERIOR DESIGNERS

Financial Statements

Years ended June 30, 2025 and 2024

GLIDEWELL
CPA, PLLC

BOARD MEMBERS (2025)

Cathy C. Morrison, President

Timothy Hillhouse, Vice President

Ilesha Patel, Treasurer

Walt Teague, Secretary

Fred Dodson, Jr.

Eric Lindstrom

Dia Holman

Elizabeth Pyle

Cora Cole-McFadden

Walter Sawyer

EXECUTIVE DIRECTOR

Cathe M. Monte Carlo

ATTORNEY

Catherine Lee

NC BOARD OF ARCHITECTURE AND REGISTERED INTERIOR DESIGNERS
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NC BOARD OF ARCHITECTURE AND REGISTERED INTERIOR DESIGNERS
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

The following is a discussion and analysis of the NC Board of Architecture and Registered Interior Designer's (the "Board") financial performance for the fiscal year ended June 30, 2025. Please read it in conjunction with the financial statements which follow this section.

Financial Highlights

The operating revenues of the Board increased by $112,330 due primarily to increases in renewals and late fees. The operating expenses of the Board increased by $19,094 due primarily to increases in salaries. The net non-operating revenues, consisting of investment income, net of fees, increased by $10,672.

Overview of the Financial Statements

This discussion and analysis is an introduction to the Board's basic financial statements, which are comprised of two components: (1) financial statements and (2) notes to financial statements. This report also contains required supplementary information in addition to the basic financial statements.

Basic Financial Statements

The financial statements of the Board report information about the Board using accounting methods similar to those used by private sector companies.

The Statements of Net Position (page 5) present assets and liabilities separately.

The Statements of Revenues, Expenses and Changes in Net Position (page 6) present information on how the Board's assets changed as a result of the years' operations.

The Statements of Cash Flows (page 7) present information on how the Board's cash changed as a result of the years' activity.

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

	As of and for the fiscal year ended June 30, 2025	Restated As of and for the fiscal year ended June 30, 2024	As of and for the fiscal year ended June 30, 2023
Current assets	$ 2,277,901	$ 2,159,312	$ 2,113,416
Noncurrent assets	385,747	470,030	545,408
Total assets	2,663,648	2,629,342	2,658,824
Current liabilities	613,867	581,792	524,722
Noncurrent liabilities	344,459	398,865	411,767
Total liabilities	958,326	980,657	936,489
Net position:			
Investment in capital assets	47,494	75,189	107,063
Unrestricted	1,657,828	1,573,496	1,615,272
Total net position (deficit)	$ 1,705,322	$ 1,648,685	$ 1,722,335
Operating revenues	$ 853,130	$ 740,800	$ 739,885
Operating expenses	852,880	833,786	764,853
Operating income	250	(92,986)	(24,968)
Non-operating revenues (expenses)	56,387	45,715	9,298
Changes in net position	$ 56,637	$ (47,271)	$ (15,670)

Events Affecting Future Operations

As of the issuance of this financial report, there are no major events planned that may affect 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: NC Board of Architecture and Registered Interior Designers, 434 Fayetteville St., Suite 2005, Raleigh, NC 27601.

GLIDEWELL
CPA, PLLC

Independent Auditor's Report

Board of Directors
NC Board of Architecture and Registered Interior Designers
Raleigh, North Carolina

Opinion

We have audited the accompanying financial statements of the NC Board of Architecture and Registered Interior Designers (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 NC Board of Architecture and Registered Interior Designers 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the NC Board of Architecture and Registered Interior Designers and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Prior Period Financial Statements and Restatement

The financial statements of the NC Board of Architecture and Registered Interior Designers as of June 30, 2024, were audited by other auditors whose report dated August 30, 2024, expressed an unmodified opinion on those statements. As described in Note 9 to the financial statements, the Board has restated its 2024 financial statements for the implementation of GASB Statement No. 101, *Compensated Absences* . The other auditors reported on the 2024 financial statements prior to the restated adjustments.

As part of our audit of the 2025 financial statements, we also audited the adjustments described in Note 9 that were applied to restate the 2024 financial statements. In our opinion, the adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2024 financial statements of the Board other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2024 financial statements as a whole.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 NC Board of Architecture and Registered Interior Designer's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America 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, including omissions, 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 auditing standards generally accepted in the United States of America, 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 NC Board of Architecture and Registered Interior Designers and do not purport to, and do not present fairly the financial position of the State of North Carolina as of June 30, 2025 and 2024, or the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 1 – 2, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of 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.

Glidewell CPA, PLLC

Cary, North Carolina
October 10, 2025

NC BOARD OF ARCHITECTURE AND REGISTERED INTERIOR DESIGNERS
Statements of Net Position
June 30, 2025 and 2024

	2025	Restated 2024
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 1,059,597	$ 1,011,687
Prepaid expenses	21,625	5,246
Investments	1,196,679	1,142,379
Total current assets	2,277,901	2,159,312
Non-current assets:		
Security deposit, lease	4,900	4,900
Right-to-use leased assets, net of amortization	290,912	350,146
Property and equipment, net of depreciation	89,935	114,984
Total non-current assets	385,747	470,030
Total assets	2,663,648	2,629,342
LIABILITIES:		
Current liabilities:		
Accounts payable	$ 13,733	$ 773
Due to the State Treasurer	42,500	34,000
Interest payable, lease liabilities	890	963
Lease liabilities, current portion	58,409	54,971
Unearned revenues	498,335	491,085
Total current liabilities	613,867	581,792
Noncurrent liabilities:		
Lease liabilities	274,054	334,007
Accrued compensated absences	70,405	64,858
Total noncurrent liabilities	344,459	398,865
Total liabilities	958,326	980,657
NET POSITION:		
Invested in capital assets, net of lease liabilities	47,494	75,189
Unrestricted	1,657,828	1,573,496
Total net position	$ 1,705,322	$ 1,648,685

See Notes to Financial Statements

NC BOARD OF ARCHITECTURE AND REGISTERED INTERIOR DESIGNERS
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2025 and 2024

	2025	Restated 2024
Operating revenues:		
Individual renewals	$ 405,570	$ 358,090
Corporate renewals	242,050	203,750
Reciprocity	73,060	69,025
Individual reinstatement fees	11,680	12,520
Individual late fees	48,115	38,850
New firm registrations	23,050	17,775
Firm late fees	34,335	23,570
Certification fees	12,090	15,275
Miscellaneous	3,180	1,945
Total operating revenues	853,130	740,800
Operating expenses:		
Salaries and wages	327,609	308,472
Employee benefits	83,857	79,308
Payroll taxes	26,471	21,968
Legal fees	68,085	70,818
Office and equipment maintenance	8,803	10,567
Travel and subsistence	19,578	33,246
Board member per diem	11,500	21,200
Contractual services	16,502	10,161
Postage and supplies	6,074	7,258
Registration and dues	8,650	11,425
Audit	13,000	12,500
Insurance	7,147	7,110
Telephone	6,419	3,769
Computer services	83,458	70,256
Special projects	30,292	44,179
Online renewal expense	26,894	21,783
Miscellaneous	1,815	-
Interest expense on lease liabilities	11,936	13,248
Amortization, right-to-use leased assets	59,234	56,807
Depreciation	35,556	29,711
Total operating expenses	852,880	833,786
Operating loss	250	(92,986)
Non-operating revenues (expenses):		
Interest and dividend income, net of expenses	6,369	26,726
Realized and unrealized loss on investments	50,018	18,989
Total non-operating revenues (expenses)	56,387	45,715
Changes in net position	56,637	(47,271)
Net position - beginning of year - as originally reported	1,648,685	1,722,335
Restatement of beginning net position	-	(26,379)
Net position - beginning of year - as restated	1,648,685	1,695,956
Net position - end of year	$ 1,705,322	$ 1,648,685

See Notes to Financial Statements

NC BOARD OF ARCHITECTURE AND REGISTERED INTERIOR DESIGNERS
Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	Restated 2024
Cash flows from operating activities:		
Cash received from fees	$ 860,380	$ 784,635
Cash payments to employees for services	(322,062)	(300,350)
Cash payments to suppliers for goods and services	(271,489)	(282,515)
Cash payments for interest on leased assets	(12,009)	(13,382)
Cash payments for other expenses	(141,975)	(138,943)
Net cash provided by operating activities	112,845	49,445
Cash flows from investing activities:		
Investment income	2,087	1,703
Purchase of investments	(635,290)	(768,762)
Proceeds from sale of investments	635,290	769,144
Net cash provided by investing activities	2,087	2,085
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(10,507)	(3,962)
Payments on lease liabilities	(56,515)	(50,548)
Net cash provided by (used in) capital and related financing activities	(67,022)	(54,510)
Net increase (decrease) in cash	47,910	(2,980)
Cash - beginning of year	1,011,687	1,014,667
Cash - end of year	$ 1,059,597	$ 1,011,687
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 250	$ (92,986)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Amortization, leased assets	59,234	56,807
Depreciation	35,556	29,711
Changes in assets and liabilities:		
Prepaid expenses	(16,379)	(5,246)
Accounts payable	12,960	(1,664)
Due to State Treasurer	8,500	11,000
Interest payable, lease liabilities	(73)	(134)
Unearned revenues	7,250	43,835
Accrued compensated absences	5,547	8,122
Net cash provided by operating activities	$ 112,845	$ 49,445

See Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

The NC Board of Architecture and Registered Interior Designers (the "Board") is an independent State agency. It is an occupational licensing board authorized by Chapter 93B of the North Carolina General Statutes and established under Chapter 83A of the North Carolina General Statutes to maintain minimum standards for services provided by architects and registered interior designers. The Board formally consists of ten members appointed by the Governor. The Board's operations are funded primarily through license and registration application and renewal fees.

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 ("U.S. 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 only the 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 financial statements have been prepared in accordance with U.S. GAAP as prescribed by Governmental Accounting Standards Board ("GASB"). All activities of the Board are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are 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 are prepared using the economic resource measurement focus and the accrual basis of accounting. The economic resource measurement focus measures all assets that are available to the entity, not only cash or soon to be cash assets. Both long-term assets and long-term liabilities are measured, and depreciation is recorded as a cost of operations. 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.

Basis of Accounting (Continued)

The Board classifies its revenues and expenses as operating and non-operating in the accompanying statements of revenues, expenses and changes in net position. Operating revenues include activities that have characteristics of exchange transactions and consist primarily of license renewal fees. Non-operating revenues and expenses include activities that have characteristics of non-exchange transactions and consist primarily of investing type activities.

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

For purposes of the statements of cash flows, the Board considers all highly liquid investments with an original maturity of three months or less to be cash.

Investments

The Board reports investments at fair value, which is based on readily available published values. The Board's investments consist of obligations of the United States, governmental agency securities, and federal money market funds.

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.

Property and Equipment

Property and equipment, including software purchases, of $1,000 or more with an expected useful life greater than one year are considered capital assets. Property and equipment are recorded at cost and are depreciated over their estimated useful lives. Furniture, equipment, and software are depreciated over a 3-10 year period. 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 as a non-operating activity.

Unearned Revenues

The Board's fees for individual license renewals are assessed and collected on a fiscal year basis which corresponds with the accounting period. Individual licenses are renewed for a period of one fiscal year. Individual license renewal fees received prior to the end of the fiscal year are deferred and recognized as revenue in the period to which they relate. Annual corporate renewals are assessed and collected on a calendar year basis. Unearned revenue is recorded at June 30 to report the estimated renewal fees not earned as of the Board's fiscal year-end.

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. This equity can be employed for any purpose designated by the governing board.

Designations of net position represent management's estimates based on perceived operating conditions and situations.

The Board designated amounts up to $1,500,000 as of June 30, 2025, as follows:

Litigation	$ 1,000,000
Operating expenses	400,000
Technology updates	100,000
Total reserved balances	$ 1,500,000

Accrued Compensated Absences

The Board’s vacation policy allows employees to accumulate up to 30 days of earned vacation leave. Vacation leave is fully vested when earned.

The Board’s sick leave policy allows unlimited accumulation of earned sick leave. Upon retirement at the normal Social Security retirement age or after 20 years of service with the Board, employees receive 25% of the value of every 20 days of accumulated sick leave, with a proportional amount for any remaining days.

A liability for compensated absences is recognized for leave that is earned and expected to be used or paid out. The liability is measured at the pay rates in effect at the financial statement date.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 amount of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates and assumptions, resulting in adjustments in future periods.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Board has a formal investment policy to establish investment objectives, standards of prudence, eligible investments, and safekeeping and custodial procedures necessary for the prudent management of the private funds maintained by the Board. The Board maintains cash deposits within a single, private financial institution. Investments are maintained within a single brokerage account. Investments include obligations of the United States, governmental agency securities, and federal money market funds. The Board is subject to the following risks:

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 $781,436. The Securities Investor Protection Corporation (SIPC) is a nonprofit membership corporation funded by its member securities broker-dealers. The SIPC insures against the loss or theft of securities as well as the failure or insolvency of the brokerage firm. Also, at June 30, 2025, the Board owned investments that exceeded the SIPC limit of $500,000 by $696,679.

Interest rate risk: Interest rate risk is the risk that the Board may face should interest rate variances affect the fair value of investments.

Credit Risk: Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligation. At June 30, 2025, the Board's portfolio, which consisted of U.S. government and government agency funds, had the following credit ratings as rated by Moody's Investors Service:

Credit Rating	
AAA	$ 1,188,432
AAA-mf	$ 8,247

The maturity of the Board's U.S. government and government agency debt securities, totaling $1,188,432 as of June 30, 2025, had maturities of less than 3 years.

NOTE 3 - FAIR VALUE MEASUREMENTS

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.

NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)

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
Investments:				
Direct Government Securities	$1,188,432	$ -	$ 1,188,432	$ -
Total	$1,188,432	$ -	$ 1,188,432	$ -

In addition, the investment balance on the statement of net position includes government money market funds measured at the net asset value (NAV) and therefore not included in the fair value hierarchy. The government money market funds consist of U.S. Treasury and government securities maturing in 397 days or less and repurchase agreements, collateralized fully by U.S. Treasury and government securities. As of June 30, 2025, Board investments measured at the NAV totaled $8,247.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment were comprised of the following:

	Cost 6/30/2024	Additions	Disposals	Cost 6/30/2025	Accum. Depreciation	Net Amount
Furniture/ equipment	$ 328,312	$ 10,507	$ (6,875)	$ 331,944	$ (242,009)	$ 89,935

	Cost 6/30/2023	Additions	Disposals	Cost 6/30/2024	Accum. Depreciation	Net Amount
Furniture/ equipment	$ 324,350	$ 3,962	$ -	$ 328,312	$ (213,328)	$ 114,984

NOTE 5 - ACCRUED COMPENSATED ABSENCES

Changes to accrued compensated absences are as follows:

	2025	2024
Beginning accrued compensated absences	$ 64,858	$ 56,736
Compensated absences earned	34,219	36,719
Compensated absences used	(28,672)	(28,597)
Ending accrued compensated absences	$ 70,405	$ 64,858

NOTE 6 - RIGHT-TO-USE LEASED ASSETS AND RELATED LEASE LIABILITIES

The Board has a lease providing the right-to-use office space for a term of ten years beginning September 1, 2020 and ending August 31, 2030. The lease requires initial monthly payments of $4,870 per month, escalating annually by approximately 2.5%.

The Board also has a lease providing the right-to-use a copier for a term of 36 months until December 2026, requiring monthly payments of $210.

Lease expenses were comprised of the following:

	2025	2024
Amortization expense by class of underlying asset:		
Copy machine	$ 3,623	$ 1,196
Office space	55,611	55,611
Total amortization expense	$ 59,234	$ 56,807
Interest on lease liabilities	$ 11,936	$ 13,248

Right-to-use leased assets activity:

	6/30/2024	Additions	Subtractions	6/30/2025
Copy machine	$ 16,036	$ -	$ (8,858)	$ 7,178
Office space	556,108	-	-	556,108
	572,144	-	(8,858)	563,286
Less Accumulated amortization:				
Copy machine	(8,824)	(3,623)	8,858	(3,589)
Office space	(213,174)	(55,611)	-	(268,785)
	(221,998)	(59,234)	8,858	(272,374)
Right-to-use assets, net	$ 350,146	$ (59,234)	$ -	$ 290,912

	6/30/2023	Additions	Subtractions	6/30/2024
Copy machine	$ 8,858	$ 7,178	$ -	$ 16,036
Office space	556,108	-	-	556,108
	564,966	7,178	-	572,144
Less Accumulated amortization:				
Copy machine	(7,627)	(1,197)	-	(8,824)
Office space	(157,564)	(55,610)	-	(213,174)
	(165,191)	(56,807)	-	(221,998)
Right-to-use assets, net	$ 399,775	$ (49,629)	$ -	$ 350,146

NOTE 6 - RIGHT-TO-USE LEASED ASSETS AND RELATED LEASE LIABILITIES (Continued)

Lease liabilities were comprised of the following:

	6/30/2024	Additions	Subtractions	6/30/2025
Copy machine	$ 7,571	$ -	$ (3,897)	$ 3,674
Office space	381,407	-	(52,618)	328,789
Total lease liabilities	388,978	-	(56,515)	332,463

	6/30/2023	Additions	Subtractions	6/30/2024
Copy machine	$ 1,538	$ 7,178	$ (1,145)	$ 7,571
Office space	430,810	-	(49,403)	381,407
Total lease liabilities	432,348	7,178	(50,548)	388,978

Future lease payments are comprised of the following:

Years Ending June 30	Principal	Interest	Total Payments
2026	$ 58,409	$ 9,949	$ 68,358
2027	60,745	8,001	68,746
2028	63,174	6,001	69,175
2029	67,010	3,891	70,901
2030	71,014	1,654	72,668
Thereafter	12,111	49	12,160
	$ 332,463	$ 29,545	$ 362,008

NOTE 7 - RETIREMENT PLAN

The Board has a simplified employee pension plan covering all employees who have performed services for the Board in at least one of the immediately preceding five calendar years. Participants may elect to contribute one percent to fifteen percent of their compensation to the plan each year and are fully vested in all contributions. The Board contributes six percent of compensation for all eligible employees. Total participant contributions in any calendar year are subject to limitations set by the Internal Revenue Code. For the years ended June 30, 2025 and 2024, the Board contributed $19,223 and $17,205, respectively, on behalf of its employees. For the years ended June 30, 2025 and 2024, the employees contributed $25,467 and $3,695, respectively.

NOTE 8 - RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and the destruction of assets; errors and omissions; injuries to employees; and natural disasters. These exposures to loss are managed using a combination of the purchase of commercial insurance and various State coverages. 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.

NOTE 9 - RESTATEMENT

During the year ended June 30, 2025, management implemented GASB Statement No. 101, *Compensated Absences* , which resulted in a change in the accounting method used for recognizing compensated absences. This change in accounting principle aligns the entity's reporting with the requirements of GASB Statement No. 101 and provides a more accurate representation of liabilities associated with compensated absences. As a result of this implementation, the beginning net position as of July 1, 2023, has been restated to reflect the cumulative effect of the change. The effects of the restatement on the financial statements as of and for the year ended June 30, 2024, are as follows:

	As Originally Reported	As Adjusted	Effect of Change
Statements of Revenues, Expenses and Changes in Net Position:			
Salaries and wages	303,082	308,472	5,390
Net position - beginning of year	1,722,335	1,695,956	(26,379)
Statements of Net Position:			
Accrued compensated absences	33,089	64,858	31,769

NOTE 10 - SUBSEQUENT EVENTS

Management of the Board evaluated subsequent events through October 10, 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 60 hours at a cost of $14,400.