

**NORTH CAROLINA BOARD OF NURSING**

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2025 AND 2024**



**NORTH CAROLINA BOARD OF NURSING**  
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**NORTH CAROLINA BOARD OF NURSING**  
**Management's Discussion and Analysis**

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As management of the North Carolina Board of Nursing (“the Board”) we offer this discussion and analysis of the financial position for the fiscal years ended June 30, 2025 and 2024 with emphasis on the current year. This discussion and analysis is designed to provide an overview of the Board’s activities that have a financial impact and to present the change in the Board’s financial position. This discussion should be read along with the financial statements and notes to the financial statements.

**Financial Highlights**

Assets of the Board totaled \$31,378,607, an increase of \$1,730,608 from the prior year, due primarily to unrealized gains on investment balances. Liabilities totaled \$11,052,467, an increase of \$114,933, reflecting increases in unearned revenue.

Net position was \$20,307,147 an increase of \$1,596,682 from prior year. Of total net position, \$5,704,181 reflects equity in capital assets. An additional \$11,513,382 is designated for risk management related to potential litigation, disaster preparedness, capital asset replacement, research projects, office operations, and IT operations.

Operating revenues totaled \$12,308,885, an increase of \$339,537, or 2.8%, primarily due to increases in the number of applications for renewal of licenses and APRN revenue.

Operating expenses totaled \$12,491,453, an increase of \$145,579 or 1.2%, due primarily to increases in salaries.

Net non-operating revenue totaled \$1,779,250, compared to \$1,305,899 in the prior year, an increase of \$473,351, or 36.2%, due primarily to recent investment performance driven by fluctuating market conditions.

**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. Supplementary schedules are included which compare actual to budget for the current and prior years. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles.

Overall, the Statement of Net Position provides information relative to the Board's ability to meet its current and long-term financial obligations.

**Basic Financial Statements**

The financial statements present information about the Board using accounting methods similar to those used by private businesses. The major difference being that the focus of governmental reporting is fiscal and operational accountability to assure that sufficient resources are available to cover costs of providing services over the long term as opposed to the market-driven focus reported in the private sector.

**NORTH CAROLINA BOARD OF NURSING**  
**Management's Discussion and Analysis**

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**Basic Financial Statements (Continued)**

The Statements of Net Position present assets (current and noncurrent), liabilities (current and noncurrent), and net position (total assets less total liabilities) and provide a comparative analysis for the years ended June 30, 2025 and June 30, 2024.

The Statements of Revenues, Expenses and Changes in Net Position present the activities that show the changes in net position. Operating revenues are received from services provided, primarily initial and renewal of nurse licensing fees, nurse aide II registry fees and advanced practice - RN revenue. Non-operating revenue is derived from earnings on investments. Operating expenses are used to acquire goods and services in return for the operating revenues in order to carry out the mission of the Board.

The Statements of Cash Flows present information relative to the sources and uses of cash for operating activities, capital activities and investing activities. The Statements of Cash Flows are useful in analyzing the short-term viability of the Board; i.e., its ability to meet its financial obligations.

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

|                                   | Years Ended June 30, |                      |                      |
|-----------------------------------|----------------------|----------------------|----------------------|
|                                   | 2025                 | 2024                 | 2023                 |
| Current assets                    | \$ 4,300,323         | \$ 4,041,272         | \$ 3,520,001         |
| Noncurrent assets                 | 21,292,724           | 19,675,673           | 18,750,636           |
| Net capital assets                | <b>5,785,560</b>     | <b>5,931,054</b>     | <b>6,032,605</b>     |
| Total assets                      | <b>31,378,607</b>    | <b>29,647,999</b>    | <b>28,303,242</b>    |
|                                   |                      |                      |                      |
| Current liabilities               | 5,196,846            | 5,114,420            | 4,849,976            |
| Noncurrent liabilities            | 5,855,621            | 5,823,114            | 5,324,008            |
| Total liabilities                 | <b>11,052,467</b>    | <b>10,937,534</b>    | <b>10,173,984</b>    |
|                                   |                      |                      |                      |
| Net investment in capital assets  | 5,704,181            | 5,931,054            | 6,026,437            |
| Unrestricted                      | 14,602,966           | 12,779,411           | 12,102,821           |
| Total net position                | <b>\$ 20,307,147</b> | <b>\$ 18,710,465</b> | <b>\$ 18,129,258</b> |
|                                   |                      |                      |                      |
| Operating revenues                | \$ 12,308,885        | \$ 11,969,348        | \$ 11,566,635        |
| Operating expenses                | 12,491,453           | 12,345,874           | 10,840,768           |
| Operating income (loss)           | (182,568)            | (376,526)            | 725,867              |
|                                   |                      |                      |                      |
| Non-operating revenues (expenses) | 1,779,250            | 1,305,899            | 775,343              |
| Changes in net position           | <b>\$ 1,596,682</b>  | <b>\$ 929,373</b>    | <b>\$ 1,501,210</b>  |

**NORTH CAROLINA BOARD OF NURSING**  
**Management's Discussion and Analysis**

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**Factors Impacting Future Periods**

The North Carolina Board of Nursing's (the "Board") financial condition remains robust, as evidenced by the principal financial performance metrics for the fiscal year ending June 30, 2025. The Board experienced a rise in license renewal revenue, which constitutes 66% of the total revenue. The predominant economic factor influencing this trend is the ongoing increase in the number of licensed Registered Nurses (RNs) and Licensed Practical Nurses (LPNs) practicing within the state, now exceeding 188,000 compared to 184,000 in the previous year. Additionally, the Board has observed a significant growth in the number of advanced practice nurses, a category that is jointly regulated with the North Carolina Medical Board.

The Board's commitment to this growth is evident in its efforts to have impact on workforce shortages, a topic that has been actively discussed.

As of June 30, 2025 the Board has approved 153 pre-licensure nursing programs. This reflects an increase from 147 programs noted in the previous year, and it is anticipated that the number of new programs will continue to rise in response to the growing demand for licensed nurses.

The Board participates in the Nurse Licensure Compact ("NLC"), which facilitates the mobility of nurses across state boundaries without requiring the payment of an additional licensing (endorsement) fee in the host state. Currently, forty-three states are members of the NLC, with seven additional states in the process of implementation. As expected, the issuance of nurse licenses via endorsement from other states has decreased over the past three years.

The Board's investments of funds are strategically positioned with a moderately conservative approach that includes fixed-income securities and equities. This proactive strategy seeks to effectively manage the anticipated volatility within the overall economy and market conditions in the near future.

**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 funds it receives and expends. If you have any questions about this report or need additional information, contact North Carolina Board of Nursing, P.O. Box 2129, Raleigh, NC 27602 or 919-782-3211.



## **Independent Auditor's Report**

Members of the Board  
North Carolina Board of Nursing  
Raleigh, North Carolina

### ***Opinion***

We have audited the financial statements of the North Carolina Board of Nursing (the "Board"), an enterprise fund of the State of North Carolina, which comprise the statements of net position as of June 30, 2025 and 2024, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements.

In our opinion, the accompanying basic financial statements present fairly, in all material respects, the financial position of the North Carolina Board of Nursing as of June 30, 2025 and 2024, and its changes in financial position and 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 North Carolina Board of Nursing 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.

### ***Emphasis of Matter - 2024 Financial Statements Restated***

As discussed in Note 1 to the financial statements, the 2024 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

### ***Responsibility 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 North Carolina Board of Nursing'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 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 we identified during the audit.

### ***Emphasis of Matter***

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

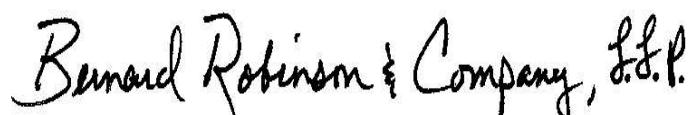
## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, on pages 1 – 3 and the Other Post-Employment Benefits- Schedule of Changes in the Total OPEB Liability and Related ratios on page 21, 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.

### ***Report on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedules of budget and actual - revenues, expenses, and changes in net position, on pages 22 - 23, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information, except for that portion marked "unaudited", was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in black ink that reads "Boud Robin & Company, L.L.P." The signature is fluid and cursive, with "Boud Robin" on the first line and "& Company, L.L.P." on the second line.

Raleigh, North Carolina

October 9, 2025

**NORTH CAROLINA BOARD OF NURSING**  
**Statements of Net Position**  
**June 30, 2025 and 2024**

|   | <b>2025</b>          | <b>2024</b>          |
|---|----------------------|----------------------|
| <b>ASSETS:</b>                                  |                      |                      |
| Current assets:                                 |                      |                      |
| Cash  | \$ 1,511,216         | \$ 1,333,779         |
| Accrued interest receivable                     | 36,644               | 36,644               |
| Accounts receivable                             | 11,710               | 11,110               |
| Prepaid expenses and other assets               | 184,161              | 395,229              |
| Current portion of investments                  | <u>2,556,592</u>     | <u>2,264,510</u>     |
| Total current assets                            | <u>4,300,323</u>     | <u>4,041,272</u>     |
| Noncurrent assets:                              |                      |                      |
| Investments                                     | 21,168,918           | 19,584,612           |
| Deferred compensation investments               | <u>123,806</u>       | <u>91,061</u>        |
| Total noncurrent assets                         | <u>21,292,724</u>    | <u>19,675,673</u>    |
| Capital assets:                                 |                      |                      |
| Right-to-use leased assets, net of amortization | 80,967               | -                    |
| Property and equipment, net of depreciation     | <u>5,704,593</u>     | <u>5,931,054</u>     |
| Net capital assets                              | <u>5,785,560</u>     | <u>5,931,054</u>     |
| Total assets                                    | <u>31,378,607</u>    | <u>29,647,999</u>    |
| <b>LIABILITIES:</b>                             |                      |                      |
| Current liabilities:                            |                      |                      |
| Accounts payable and accrued liabilities        | 436,208              | 477,948              |
| Current portion of lease liabilities            | <u>20,608</u>        | -                    |
| Current portion of unearned revenues            | <u>4,740,030</u>     | <u>4,636,472</u>     |
| Total current liabilities                       | <u>5,196,846</u>     | <u>5,114,420</u>     |
| Noncurrent liabilities:                         |                      |                      |
| Accrued vacation                                | 718,998              | 744,416              |
| Lease liabilities                               | <u>60,771</u>        | -                    |
| Unearned revenues                               | <u>4,604,148</u>     | <u>4,636,471</u>     |
| Other post employment benefit liability         | <u>347,897</u>       | <u>351,166</u>       |
| Deferred compensation liability                 | <u>123,807</u>       | <u>91,061</u>        |
| Total noncurrent liabilities                    | <u>5,855,621</u>     | <u>5,823,114</u>     |
| Total liabilities                               | <u>11,052,467</u>    | <u>10,937,534</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>            |                      |                      |
| Total deferred inflows of resources             | <u>18,993</u>        | -                    |
| <b>NET POSITION:</b>                            |                      |                      |
| Invested in capital assets                      | 5,704,181            | 5,931,054            |
| Unrestricted net assets                         | <u>14,602,966</u>    | <u>12,779,411</u>    |
| Total net position                              | <u>\$ 20,307,147</u> | <u>\$ 18,710,465</u> |

*See Notes to Financial Statements*

**NORTH CAROLINA BOARD OF NURSING**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**Years Ended June 30, 2025 and 2024**

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|   | <b>2025</b>          | <b>2024</b>          |
|---|----------------------|----------------------|
| Operating revenues:                                   |                      |                      |
| License renewals                                      | \$ 8,535,827         | \$ 8,151,813         |
| Examination fees                                      | 669,084              | 754,458              |
| Reinstatements  | 117,120              | 139,200              |
| Endorsements - in-state                               | 973,912              | 1,109,222            |
| Verifications - out-of-state                          | 1,490                | 2,070                |
| Mailing labels  | 131,793              | 106,587              |
| Hearing and settlement fees                           | 15,300               | 13,500               |
| Nurses aide registry fees                             | 136,289              | 135,834              |
| APRN revenue  | 1,584,882            | 1,408,901            |
| Other operating income                                | 143,188              | 147,763              |
| Total operating revenues                              | <b>12,308,885</b>    | <b>11,969,348</b>    |
| Operating expenses:                                   |                      |                      |
| Salaries and related benefits                         | 10,214,566           | 9,566,415            |
| Operations  | 2,042,663            | 2,477,969            |
| Conferences and conventions                           | 89,410               | 131,118              |
| Board meetings  | 36,072               | 40,754               |
| Hearings  | 68,377               | 83,281               |
| Committee meetings                                    | 17,664               | 33,003               |
| Other regulatory services                             | 6,411                | 10,292               |
| OPEB expense  | 15,724               | 3,000                |
| Interest expense on lease liabilities                 | 566                  | 42                   |
| Total operating expenses                              | <b>12,491,453</b>    | <b>12,345,874</b>    |
| Operating income (loss)                               | <b>(182,568)</b>     | <b>(376,526)</b>     |
| Non-operating revenues (expenses):                    |                      |                      |
| Net investment income                                 | 1,779,250            | 1,305,899            |
| Total non-operating revenues                          | <b>1,779,250</b>     | <b>1,305,899</b>     |
| Changes in net position                               | <b>1,596,682</b>     | 929,373              |
| Net position - beginning of year prior to restatement | <b>18,710,465</b>    | 18,129,258           |
| Restatement   | -                    | (348,166)            |
| Net position - end of year                            | <b>\$ 20,307,147</b> | <b>\$ 18,710,465</b> |

**NORTH CAROLINA BOARD OF NURSING**  
**Statements of Cash Flows**  
**Years Ended June 30, 2025 and 2024**

|   | <b>2025</b>         | <b>2024</b>         |
|---|---------------------|---------------------|
| Cash flows from operating activities:   |                     |                     |
| Cash received from fees   | \$ 12,379,520       | \$ 12,143,325       |
| Cash payments to employees for services   | (10,239,983)        | (9,533,610)         |
| Cash payments to suppliers for goods and services                                     | (1,620,207)         | (2,206,900)         |
| Cash payments for other operating expenses  | (211,523)           | (288,156)           |
| Net cash provided by operating activities   | <u>307,807</u>      | <u>114,659</u>      |
| Cash flows from capital and financing activities:                                     |                     |                     |
| Acquisition of capital assets   | (32,338)            | (126,547)           |
| Payments on lease liabilities   | <u>(894)</u>        | <u>(6,210)</u>      |
| Net cash used in capital and financing activities                                     | <u>(33,232)</u>     | <u>(132,757)</u>    |
| Cash flows from investing activities:   |                     |                     |
| Purchases of investments  | (751,110)           | (349,114)           |
| Net investment income   | <u>653,972</u>      | <u>651,998</u>      |
| Net cash provided by (used in) investing activities                                   | <u>(97,138)</u>     | <u>302,884</u>      |
| Increase in cash  | 177,437             | 284,786             |
| Cash - beginning of year  | <u>1,333,779</u>    | <u>1,048,993</u>    |
| Cash - end of year  | <u>\$ 1,511,216</u> | <u>\$ 1,333,779</u> |
| Reconciliation of operating loss to net cash provided by operating activities:        |                     |                     |
| Operating loss  | <u>\$ (182,568)</u> | <u>\$ (376,526)</u> |
| Adjustments to reconcile operating loss to net cash provided by operating activities: |                     |                     |
| Depreciation  | 258,233             | 222,266             |
| Amortization and interest, leased assets  | 1,872               | 5,874               |
| Changes in assets and liabilities:  |                     |                     |
| Accounts receivable   | (600)               | 1,800               |
| Prepaid expenses and other assets   | 211,068             | (131,260)           |
| Deferred compensation investments   | (32,745)            | (29,047)            |
| Accounts payable and accrued liabilities  | (41,740)            | 184,523             |
| Deferred inflows of resources for other post employment benefits                      | 18,993              | -                   |
| Deferred compensation liability   | 32,746              | 29,047              |
| Other post employment benefits liability  | (3,269)             | 3,000               |
| Accrued vacation  | (25,418)            | 32,805              |
| Unearned revenues   | 71,235              | 172,177             |
| Total adjustments   | <u>490,375</u>      | <u>491,185</u>      |
| Net cash provided by operating activities   | <u>\$ 307,807</u>   | <u>\$ 114,659</u>   |

**NORTH CAROLINA BOARD OF NURSING**  
**Notes to Financial Statements**

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**NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**Description of Organization**

The North Carolina Board of Nursing (the "Board") is an independent State agency. It is an occupational licensing board and is authorized by Chapter 90 of the *North Carolina General Statutes*. The Governor of the State of North Carolina appoints one of the 14 board members and the General Assembly appoints two members. The remaining 11 members are elected by nurses holding active licenses to practice in the State of North Carolina. All of the members are subject to the State Government Ethics Act.

The Board's function is to maintain minimum standards of nursing care through the examination and licensure of all who engage in the practice of nursing and to monitor nursing education programs. The Board's operations are funded through license renewal fees and various other 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 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.

**Restatement related to Adoption of Accounting Principle**

The Board adopted the Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the fiscal year ended June 30, 2025. The adoption of the statement required the Board to record the beginning total OPEB liability and the effects on the statements of revenues, expenses, and net position of benefit payments and administrative expenses paid by the Board related to OPEB during the measurement period. As a result, for the year ended June 30, 2024, the liabilities on the statement of net position increased \$351,166, the expenditures on the statement of revenues, expenses, and net position increased \$3,000, and there is a restatement to beginning net assets for \$348,166.

**Basis of Presentation**

The accompanying basic financial statements have been prepared in accordance with GAAP as prescribed by 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.

**NORTH CAROLINA BOARD OF NURSING**  
**Notes to Financial Statements**

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

**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 of accounting, revenues are recognized when earned, and expenses are recorded when a liability has been incurred, regardless of the timing of the cash flows.

The Board classifies its revenues 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 examination and license fees. Operating expenses are all expense transactions incurred 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 include activities that have characteristics of non-exchange transactions and consist primarily of investing type activities.

**Cash and Cash Equivalents**

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. Cash balances held temporarily in the investment portfolio until reinvested are not included in cash and cash equivalents.

**Investments**

Investments consist of cash sweep accounts, certificates of deposit, corporate and foreign bonds, mutual funds, and equity securities held in a brokerage account. Investments are reported at fair value. Cash sweep accounts and fixed income securities, which include certificates of deposit and bonds, maturing within the next fiscal year are shown as current.

**Accounts Receivable**

Accounts receivable is comprised primarily of administrative hearing and settlement fees due from licensees. Management uses the direct write off method for uncollectible amounts because it closely approximates the expense under the allowance method. Write-offs totaled approximately \$7,800 and \$7,700 during the years ended June 30, 2025 and 2024, respectively.

**Right-To-Use Leased Assets 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.

**NORTH CAROLINA BOARD OF NURSING**  
**Notes to Financial Statements**

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

**Property and Equipment**

Property and equipment, including software, are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. Property and equipment that have a cost over \$5,000 and are not considered internally developed software are capitalized and are depreciated using the straight-line method over their useful lives.

Software that is considered internally developed software and has a total development and installation cost over \$300,000 is capitalized and is depreciated using the straight-line method over its useful life.

Depreciation is computed over the following useful lives:

|                                   |              |
|-----------------------------------|--------------|
| Buildings                         | 40 years     |
| Furniture, equipment and software | 5 - 10 years |

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

**Accrued Vacation Pay**

The vacation policy of the Board provides for the accumulation of up to 40 days earned vacation leave with such leave being fully vested when earned. Accumulated earned vacation at June 30, 2025 and 2024, is \$718,998 and \$744,416, respectively.

**Revenue Recognition**

Licenses are renewed for a period of two years on a birth month renewal system. License renewal fees received are deferred and recognized as revenue over the two-year period to which they relate. Examinations and endorsements are processed at any time during the year. The initial license period includes the period from the examination or endorsement date to the birth month of the licensee which occurs in the following thirteen to twenty-four month period. In addition, a portion of the examination or endorsement fee representing estimated direct costs is recognized upon initial application with the remaining fee being deferred and recognized as revenue over the license period.

**Net Position**

*Invested in capital assets* - This represents the Board's total investment in capital assets, net of accumulated depreciation and amortization, less lease liabilities.

*Unrestricted net assets* - This represents assets with no external restriction as to use or purpose. They can be employed for any purpose designated by the governing board, as distinguished from funds restricted externally for specific purposes.

Designations of net assets represent management's estimates that are subject to change based on perceived operating conditions and situations (see Note 6).

**Budgetary Data**

A budget for fiscal year ended June 30, 2025, was adopted by the Board and is prepared and reported on the accrual basis of accounting. Although budgeted amounts lapse at year-end, the Board retains its unexpended net assets to fund expenses of the succeeding year.

**NORTH CAROLINA BOARD OF NURSING**  
**Notes to Financial Statements**

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**NOTE 1 - NATURE OF ACTIVITIES AND 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 amounts 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 investments in separate accounts managed by the same broker.

All funds of the Board are deposited in board-designated official depositories or brokerage firms. The Board's deposits include cash on deposit in financial institutions, money market accounts, fixed income securities, mutual funds, and equity securities. At June 30, 2025, deposits in financial institutions, with a carrying value of \$25,360,532, consist of cash and investments, as shown on the statements of net position. The investments are fixed income securities in the amount of \$5,140,561, mutual funds in the amount of \$10,079,587, equity securities in the amount of \$8,012,347, deferred compensation investments in the amount of \$123,806 and cash sweep balances in the amount of \$493,015 held in a money market sweep account until reinvested.

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 the Board. The Board does not have a formal deposit policy for custodial credit risk.

The Securities Investor Protection Corporation (SIPC) is a nonprofit member 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. At June 30, 2025, board investments included fixed income securities, mutual funds, and equity securities totaling \$23,356,301, which exceeded the SIPC limit of \$500,000 by \$22,856,301.

The Board's deposits include cash on deposit with financial institutions, money market accounts, and brokerage cash sweep accounts, with bank balances totaling \$1,958,207 at June 30, 2025. The Board's deposits with each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2025, the Board had \$1,215,193 in deposits at financial institutions that exceeded amounts insured by the FDIC.

*Interest Rate Risk.* Interest rate risk is the risk the Board may face should interest rate variances affect the fair value of investments.

*Credit risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2025, the Board had US Treasury Bonds totaling \$662,382 that were rated with a AA1 rating.

**NORTH CAROLINA BOARD OF NURSING**  
**Notes to Financial Statements**

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**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)**

Investments are presented at fair value based on the market prices at June 30, 2025 and 2024.

The Board has approved an investment policy that allows for a minimum of 65% - 70% invested in fixed income securities and a maximum of 30% - 35% invested in equities, with a target allocation of 75% - 80% fixed income securities and 20% - 25% equities.

The maturities of the Board's fixed income investments as of June 30, 2025, were as follows:

|              | Investment<br>Amount       |
|--------------|----------------------------|
| 0 - 5 years  | \$ 4,167,812               |
| 6 - 10 years | -                          |
| 10 + years   | 972,749                    |
| Total        | <u><u>\$ 5,140,561</u></u> |

**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. 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 accounted for at fair value on a recurring basis as of June 30, 2025 and 2024:

|                                   | <b>2025</b>                 |                            |                            |                    |
|-----------------------------------|-----------------------------|----------------------------|----------------------------|--------------------|
|                                   | Total<br>Fair Value         | Level 1                    | Level 2                    | Level 3            |
| Certificates of deposit           | \$ 3,910,182                | \$ -                       | \$ 3,910,182               | \$ -               |
| Government bonds                  | 1,230,379                   | -                          | 1,230,379                  | -                  |
| Equities                          | 8,012,347                   | 8,012,347                  | -                          | -                  |
| Deferred compensation investments | 123,806                     | 123,806                    | -                          | -                  |
|                                   | <u><u>\$ 13,276,714</u></u> | <u><u>\$ 8,136,153</u></u> | <u><u>\$ 5,140,561</u></u> | <u><u>\$ -</u></u> |

**NORTH CAROLINA BOARD OF NURSING**  
**Notes to Financial Statements**

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**NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)**

|                                   | 2024                 |                     |                     |             |
|-----------------------------------|----------------------|---------------------|---------------------|-------------|
|                                   | Total<br>Fair Value  | Level 1             | Level 2             | Level 3     |
| Certificates of deposit           | \$ 4,824,562         | \$ -                | \$ 4,824,562        | \$ -        |
| Government bonds                  | 960,877              | -                   | 960,877             | -           |
| Equities                          | 7,154,306            | 7,154,306           | -                   | -           |
| Deferred compensation investments | 91,061               | 91,061              | -                   | -           |
|                                   | <b>\$ 13,030,806</b> | <b>\$ 7,245,367</b> | <b>\$ 5,785,439</b> | <b>\$ -</b> |

The investment balances on the statements of net position include cash balances held temporarily in the investment portfolio until reinvestment, and therefore not included in the fair value hierarchy above in the amount of \$493,015 and \$299,992 at June 30, 2025 and 2024, respectively.

In addition, the investment balance on the statements of net position includes open end mutual funds measured at the net asset value (NAV) and therefore not included in the fair value hierarchy. As of June 30, 2025 and 2024, investments measured at the NAV totaled \$10,079,587 and \$8,609,385, respectively.

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment are comprised of the following:

|                                      | Cost<br>6/30/2024   | Acquisitions     | Retirements/<br>Disposals | Cost<br>6/30/2025   | Accum.<br>Depreciation | Net<br>Amount       |
|--------------------------------------|---------------------|------------------|---------------------------|---------------------|------------------------|---------------------|
| Land                                 | \$ 2,386,585        | \$ -             | \$ -                      | \$ 2,386,585        | \$ -                   | \$ 2,386,585        |
| Buildings                            | 4,838,297           | -                | -                         | 4,838,297           | (1,826,505)            | 3,011,792           |
| Furniture/<br>equipment/<br>software | 1,746,554           | 32,338           | 16,095                    | 1,762,797           | (1,456,581)            | 306,216             |
|                                      | <b>\$ 8,971,436</b> | <b>\$ 32,338</b> | <b>\$ 16,095</b>          | <b>\$ 8,987,679</b> | <b>\$ (3,283,086)</b>  | <b>\$ 5,704,593</b> |

|                                      | Cost<br>6/30/2023   | Acquisitions      | Retirements/<br>Disposals | Cost<br>6/30/2024   | Accum.<br>Depreciation | Net<br>Amount       |
|--------------------------------------|---------------------|-------------------|---------------------------|---------------------|------------------------|---------------------|
| Land                                 | \$2,386,585         | \$ -              | \$ -                      | \$ 2,386,585        | \$ -                   | \$ 2,386,585        |
| Buildings                            | 4,838,297           | -                 | -                         | 4,838,297           | (1,706,034)            | 3,132,263           |
| Furniture/<br>equipment/<br>software | 1,625,111           | 126,547           | 5,104                     | 1,746,554           | (1,334,348)            | 412,206             |
|                                      | <b>\$ 8,849,993</b> | <b>\$ 126,547</b> | <b>\$ 5,104</b>           | <b>\$ 8,971,436</b> | <b>\$ (3,040,382)</b>  | <b>\$ 5,931,054</b> |

**NORTH CAROLINA BOARD OF NURSING**  
**Notes to Financial Statements**

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**NOTE 5 - CHANGE IN LONG-TERM LIABILITIES**

Change in long-term liabilities is as follows:

|                       | Balance<br>6/30/2024 | Increase            | Decreases           | Balance<br>6/30/2025 | Current<br>Portion<br>of Balance |
|-----------------------|----------------------|---------------------|---------------------|----------------------|----------------------------------|
| Accrued vacation      | \$ 744,416           | \$ 598,360          | \$ 623,778          | \$ 718,998           | \$ -                             |
| Deferred revenues     | 9,137,062            | 8,737,702           | 8,530,586           | 9,344,178            | 4,740,030                        |
| Long-term liabilities | <u>\$ 9,881,478</u>  | <u>\$ 9,336,062</u> | <u>\$ 9,154,364</u> | <u>\$ 10,063,176</u> | <u>\$ 4,740,030</u>              |

|                       | Balance<br>6/30/2023 | Increase            | Decreases           | Balance<br>6/30/2024 | Current<br>Portion<br>of Balance |
|-----------------------|----------------------|---------------------|---------------------|----------------------|----------------------------------|
| Accrued vacation      | \$ 711,611           | \$ 570,461          | \$ 537,656          | \$ 744,416           | \$ -                             |
| Deferred revenues     | 9,100,766            | 8,478,592           | 8,442,296           | 9,137,062            | 4,636,472                        |
| Long-term liabilities | <u>\$ 9,812,377</u>  | <u>\$ 9,049,053</u> | <u>\$ 8,979,952</u> | <u>\$ 9,881,478</u>  | <u>\$ 4,636,472</u>              |

**NOTE 6 - DESIGNATED NET ASSETS**

The Board has designated a portion of the unrestricted net assets to indicate their plans for how financial resources will be used in a future period. Future uses are categorized as either pre-planned special projects or unforeseen financial emergencies which may require a large, non-recurring outlay of funds.

Office operation funds of at least \$6,000 are added each year per prior Board action. The Board's designated unrestricted net assets at June 30, 2025 and 2024, are summarized as follows:

|                                | Balance<br>6/30/2024 | Transfers<br>and<br>Receipts | Transfers<br>and<br>Expenditures | Balance<br>6/30/2025 |
|--------------------------------|----------------------|------------------------------|----------------------------------|----------------------|
| Information systems operations | \$ 1,816,624         | \$ -                         | \$ 106,980                       | \$ 1,923,604         |
| Capital asset replacement      | 1,990,795            | -                            | -                                | 1,990,795            |
| Office operations              | 841,156              | -                            | (71,746)                         | 769,410              |
| Research projects              | 1,374,214            | -                            | -                                | 1,374,214            |
| Disaster recovery              | 1,500,000            | -                            | -                                | 1,500,000            |
| Legal defense/risk management  | 3,975,786            | -                            | (20,427)                         | 3,955,359            |
|                                | <u>\$ 11,498,575</u> | <u>\$ -</u>                  | <u>\$ 14,807</u>                 | <u>\$ 11,513,382</u> |

|                                | Balance<br>6/30/2023 | Transfers<br>and<br>Receipts | Transfers<br>and<br>Expenditures | Balance<br>6/30/2024 |
|--------------------------------|----------------------|------------------------------|----------------------------------|----------------------|
| Information systems operations | \$ 1,513,668         | \$ 500,000                   | \$ (197,044)                     | \$ 1,816,624         |
| Capital asset replacement      | 1,500,000            | 500,000                      | (9,205)                          | 1,990,795            |
| Office operations              | 841,156              | -                            | -                                | 841,156              |
| Research projects              | 1,503,030            | -                            | (128,816)                        | 1,374,214            |
| Disaster recovery              | 1,500,000            | -                            | -                                | 1,500,000            |
| Legal defense/risk management  | 4,000,000            | -                            | (24,214)                         | 3,975,786            |
|                                | <u>\$ 10,857,854</u> | <u>\$ 1,000,000</u>          | <u>\$ (359,279)</u>              | <u>\$ 11,498,575</u> |

**NORTH CAROLINA BOARD OF NURSING**  
**Notes to Financial Statements**

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**NOTE 7 - RETIREMENT PLAN**

The Board contributes to the North Carolina Licensing Boards Retirement Savings Plan ("Plan"), a defined contribution plan. The Plan was established to provide retirement benefits for employees of State boards or agencies who did not elect by resolution to cause their employees to be eligible to become members of the Teachers' and State Employees' Retirement System and for employees hired after July 1, 1983, by an electing board or agency. The Plan is administered by a committee with authority to amend the Plan, comprised of the executive directors of the participating boards and agencies.

Participating employees must contribute at least 6% of their gross compensation and the Board matches those contributions 100%. The employees' contributions are immediately 100% vested; the Board's matching contributions are 100% vested after 5 years of credited service. For vesting purposes, an employee must complete 1,000 hours of service during the Plan year.

Each participant's account is credited with their individual contributions, the Board's matching contributions, and Plan earnings and forfeitures of terminated participants' non-vested accounts. Allocations are based on participant earnings and account balances as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

Total contributions to the Plan for the year ended June 30, 2025, were \$1,434,931, which consisted of \$471,355 from the Board and \$963,576 from employees. For the year ended June 30, 2024, total contributions were \$1,322,834, which consisted of \$428,882 from the Board and \$893,952 from employees. During the years ended June 30, 2025 and 2024, forfeiture amounts of \$0 and \$7,987, respectively, were utilized to reduce employer matching contributions.

**NOTE 8 - RIGHT-TO-USE LEASED ASSETS AND RELATED LEASE LIABILITIES**

The Board signed a lease agreement in April 2025 for four copiers under a five-year operating lease expiring in 2030.

Lease expenses were comprised of the following:

|  | <b>2025</b>            | <b>2024</b>            |
|--|------------------------|------------------------|
| Amortization expense by class of underlying asset: |                        |                        |
| Copy machines                                      | \$ 1,306               | \$ 5,832               |
| Interest on lease liabilities                      | 566                    | 42                     |
| Total lease expenses                               | <b><u>\$ 1,872</u></b> | <b><u>\$ 5,874</u></b> |

Right-to-use leased assets activity:

|                                 | <b>6/30/2024</b>       | <b>Additions</b>        | <b>Subtractions</b>  | <b>6/30/2025</b>        |
|---------------------------------|------------------------|-------------------------|----------------------|-------------------------|
| Copy machines                   | \$ 69,985              | \$ 82,273               | \$ (69,985)          | \$ 82,273               |
| Less: Accumulated amortization: | <b><u>(69,985)</u></b> | <b><u>(1,306)</u></b>   | <b><u>69,985</u></b> | <b><u>(1,306)</u></b>   |
| Right-to-use assets, net        | <b><u>\$ -</u></b>     | <b><u>\$ 80,967</u></b> | <b><u>\$ -</u></b>   | <b><u>\$ 80,967</u></b> |

|                                 | <b>6/30/2023</b>       | <b>Additions</b>         | <b>Subtractions</b> | <b>6/30/2024</b>       |
|---------------------------------|------------------------|--------------------------|---------------------|------------------------|
| Copy machines                   | \$ 69,985              | \$ -                     | \$ -                | \$ 69,985              |
| Less: Accumulated amortization: | <b><u>(64,153)</u></b> | <b><u>(5,832)</u></b>    | <b><u>-</u></b>     | <b><u>(69,985)</u></b> |
| Right-to-use assets, net        | <b><u>\$ 5,832</u></b> | <b><u>\$ (5,832)</u></b> | <b><u>\$ -</u></b>  | <b><u>\$ -</u></b>     |

**NORTH CAROLINA BOARD OF NURSING**  
**Notes to Financial Statements**

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**NOTE 8 - RIGHT-TO-USE LEASED ASSETS AND RELATED LEASE LIABILITIES (Continued)**

Lease liabilities were comprised of the following:

|   | <b>6/30/2024</b> | <b>Additions</b> | <b>Subtractions</b> | <b>6/30/2025</b> |
|---|------------------|------------------|---------------------|------------------|
| Total lease liabilities - Copy machines | <b>\$ -</b>      | <b>\$ 82,273</b> | <b>\$ (894)</b>     | <b>\$ 81,379</b> |
|   | <b>6/30/2023</b> | <b>Additions</b> | <b>Subtractions</b> | <b>6/30/2024</b> |
| Total lease liabilities - Copy machines | <b>\$ 6,168</b>  | <b>\$ -</b>      | <b>\$ (6,168)</b>   | <b>\$ -</b>      |

**NOTE 9 - DEFERRED COMPENSATION PLAN**

In November 2020, the Board approved and established a deferred compensation plan for the CEO under Section 457 of the Internal Revenue Code. This plan allows the Board to fund the plan up to the maximum amount allowed by law on a fiscal year basis and for the CEO to select the investments that the funds are invested in. The balance in the deferred compensation account becomes fully vested conditional on, among other things, the CEO's continuous employment for five years following the effective date of the plan on January 1, 2021.

The investments are retained by the Board until the time the CEO becomes fully vested. Upon vesting, the entire account balance, including the Board's contributions and earnings, becomes the property of the CEO. The Board contributed \$23,500 and \$23,000 to the plan for the years ended June 30, 2025 and 2024, respectively. The value of the deferred compensation plan investments was \$123,807 and \$91,061 at June 30, 2025 and 2024, respectively. A corresponding liability is recorded to reflect the balance due to the CEO upon vesting.

**NOTE 10 - OPEB LIABILITY**

The Board's total OPEB liability of \$347,897 was measured as of June 30, 2025 and was determined by an actuarial valuation as of that date. The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified.

|                           |  |
|---------------------------|--|
| Payroll Growth Assumption | 8.25% at 0 years of service to<br>35% at 35 years of service |
| Discount Rate             | 4.81%  |

The discount rate is based on the S&P Municipal Bond 20-Year High Grade Rate Index.

Changes in total OPEB Liability:

|                                 |                   |
|---------------------------------|-------------------|
| Service cost                    | \$ 15,874         |
| Interest                        | 13,720            |
| Changes in assumptions          | (21,706)          |
| Benefit payments                | (11,157)          |
| Net changes                     | (3,269)           |
| OPEB balance, beginning of year | 351,166           |
| OPEB balance, end of year       | <b>\$ 347,897</b> |

**NORTH CAROLINA BOARD OF NURSING**  
**Notes to Financial Statements**

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**NOTE 10 - OPEB LIABILITY (CONTINUED)**

Changes in assumptions and other inputs reflect a change in the discount rate from 3.97% to 4.81%.

Mortality rates were based on the Pub-2010 General Employees Male and Female mortality tables projected generationally with MP-2019.

The actuarial assumptions used in the June 30, 2025 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

*Sensitivity of the total OPEB liability to changes in the discount rates.* The following presents the total OPEB liability of the Board, as well as what the Board's 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 discount rate.

|                      | 1%         | Discount rate | 1%         |
|----------------------|------------|---------------|------------|
|                      | Decrease   | 4.81%         | Increase   |
| Total OPEB Liability | \$ 373,869 | \$ 347,897    | \$ 323,635 |

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the total OPEB liability of the Board, as well as what the Board's 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%         | Current     | 1%         |
|----------------------|------------|-------------|------------|
|                      | Decrease   | Trend Rates | Increase   |
| Total OPEB Liability | \$ 312,947 | \$ 347,897  | \$ 388,508 |

For the year ended June 30, 2025 the Board recognized OPEB expense of \$15,724. At June 30, 2025 the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | Deferred    | Deferred   |
|--|-------------|------------|
|  | Outflows of | Inflows of |
| Changes of assumptions or other inputs | Resources   | Resources  |

Changes of assumptions or other inputs \$ - \$ 18,993

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows: 2026 - (\$2,713); 2027- (\$2,713); 2028 - (\$2,713); 2029 - (\$2,713); 2030 - (\$2,713); and thereafter - (\$5,428).

**Other Employment Benefits**

The Board administers a single-employer defined benefit plan and provides post-employment healthcare benefits to retirees of the Board, if they meet the following criteria: they have a minimum of 19 years of service, or are the Chief Executive Officer with 10 years of service, and are at least 59.5 years of age. The Board will continue to pay the health insurance premium until the retiree is Medicare Eligible.

**NORTH CAROLINA BOARD OF NURSING**  
**Notes to Financial Statements**

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**NOTE 10 - OPEB LIABILITY (CONTINUED)**

Membership of the post-employment health benefit plan consisted of the following at June 30, 2025, the date of the latest actuarial valuation:

|                             |                  |
|-----------------------------|------------------|
| Retirees receiving benefits | 1                |
| Active plan members         | <u>54</u>        |
|                             | <u><u>55</u></u> |

**NOTE 11 - 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 purchases general liability, workers' compensation, dishonesty bond, cyber, anti-trust, employment practices and comprehensive security policies through independent insurance agents.

**NOTE 12 - SUBSEQUENT EVENTS**

Management of the Board evaluated subsequent events through October 9, 2025, which is the date the financial statements were available to be issued. Management discovered no subsequent events that should be disclosed.

The audit was conducted in approximately 120 hours at a cost of \$25,000.

## **SUPPLEMENTARY INFORMATION**

**NORTH CAROLINA BOARD OF NURSING****Other Post Employment Benefits****Required Supplementary Information****Schedule of Changes in the Total OPEB Liability and Related Ratios****Year Ended June 30, 2025**

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**Total OPEB Liability:**

|  |                          |
|--|--------------------------|
| Service Cost                                       | \$ 15,874                |
| Interest   | 13,720                   |
| Changes of benefit terms                           | -                        |
| Differences between expected and actual experience | -                        |
| Changes of assumptions                             | (21,706)                 |
| Benefit payments                                   | <u>(11,157)</u>          |
| Net change in total OPEB liability                 | (3,269)                  |
| Total OPEB Liability - beginning                   | <u>351,166</u>           |
| Total OPEB Liability - ending                      | <u><u>\$ 347,897</u></u> |

|   |              |
|---|--------------|
| Covered payroll   | \$ 8,018,575 |
| Total OPEB liability as a percentage of covered payroll | 4.34%        |

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

| <b>Fiscal Year</b> | <b>Rate</b> |
|--------------------|-------------|
| 2025               | 4.81%       |

**NORTH CAROLINA BOARD OF NURSING**

**Statement of Revenues, Expenses and Changes in Net Position - Actual and Budget**

**Year Ended June 30, 2025**

|   | <u>Actual</u>     | <u>(Unaudited)<br/>Budget</u> | <u>Actual<br/>Over/(Under)<br/>Budget</u> |
|---|-------------------|-------------------------------|---|
| <b>Operating revenues:</b>              |                   |                               |   |
| License renewals                        | \$ 8,535,827      | \$ 8,239,932                  | \$ 295,895                                |
| Examination fees                        | 669,084           | 740,674                       | (71,590)                                  |
| Reinstatements                          | 117,120           | 154,320                       | (37,200)                                  |
| Endorsements - in-state                 | 973,912           | 1,146,042                     | (172,130)                                 |
| Verifications - out-of-state            | 1,490             | -                             | 1,490                                     |
| Mailing labels                          | 131,793           | 112,185                       | 19,608                                    |
| Hearing and settlement fees             | 15,300            | -                             | 15,300                                    |
| Nurses aide registry fees               | 136,289           | 127,736                       | 8,553                                     |
| APRN revenue                            | 1,584,882         | 1,385,872                     | 199,010                                   |
| Other operating income                  | 143,188           | 109,600                       | 33,588                                    |
| <b>Total operating revenues</b>         | <b>12,308,885</b> | <b>12,016,361</b>             | <b>292,524</b>                            |
| <b>Operating expenses:</b>              |                   |                               |   |
| Salaries and related benefits           | 10,214,566        | 10,404,460                    | (189,894)                                 |
| Operations                              | 2,042,663         | 1,934,025                     | 108,638                                   |
| Conferences and conventions             | 89,410            | 138,160                       | (48,750)                                  |
| Board meetings                          | 36,072            | 54,265                        | (18,193)                                  |
| Hearings                                | 68,377            | 79,501                        | (11,124)                                  |
| Committee meetings                      | 17,664            | 52,612                        | (34,948)                                  |
| Other regulatory services               | 6,411             | 28,090                        | (21,679)                                  |
| Pension expense                         | 15,724            | -                             | 15,724                                    |
| Interest expense on lease liabilities   | 566               | -                             | 566                                       |
| <b>Total operating expenses</b>         | <b>12,491,453</b> | <b>12,691,113</b>             | <b>(199,660)</b>                          |
| <b>Operating loss</b>                   | <b>(182,568)</b>  | <b>(674,752)</b>              | <b>492,184</b>                            |
| <b>Non-operating revenues:</b>          |                   |                               |   |
| Net investment income                   | 1,779,250         | 450,000                       | 1,329,250                                 |
| Loss on disposal of fixed assets        | -                 | -                             | -   |
| <b>Total non-operating revenues</b>     | <b>1,779,250</b>  | <b>450,000</b>                | <b>1,329,250</b>                          |
| <b>Changes in net position</b>          | <b>1,596,682</b>  | <b>\$ (224,752)</b>           | <b>\$ 1,821,434</b>                       |
| <b>Net position - beginning of year</b> | <b>18,710,465</b> |                               |   |
| <b>Net position - end of year</b>       |                   | <b>\$ 20,307,147</b>          |   |

**NORTH CAROLINA BOARD OF NURSING**

**Statement of Revenues, Expenses and Changes in Net Position - Actual and Budget**  
**Year Ended June 30, 2024**

|                                       | <u>Actual</u>        | <u>(Unaudited)<br/>Budget</u> | <u>Actual<br/>Over/(Under)<br/>Budget</u> |
|---------------------------------------|----------------------|-------------------------------|---|
| Operating revenues:                   |                      |                               |   |
| License renewals                      | \$ 8,151,813         | \$ 7,977,822                  | \$ 173,991                                |
| Examination fees                      | 754,458              | 714,246                       | 40,212                                    |
| Reinstatements                        | 139,200              | 128,320                       | 10,880                                    |
| Endorsements - in-state               | 1,109,222            | 1,157,967                     | (48,745)                                  |
| Verifications - out-of-state          | 2,070                | -                             | 2,070                                     |
| Mailing labels                        | 106,587              | 109,016                       | (2,429)                                   |
| Hearing and settlement fees           | 13,500               | -                             | 13,500                                    |
| Nurses aide registry fees             | 135,834              | 158,948                       | (23,114)                                  |
| APRN revenue                          | 1,408,901            | 1,186,622                     | 222,279                                   |
| Other operating income                | 147,763              | 115,000                       | 32,763                                    |
| Total operating revenues              | <u>11,969,348</u>    | <u>11,547,941</u>             | <u>421,407</u>                            |
| Operating expenses:                   |                      |                               |   |
| Salaries and related benefits         | 9,566,415            | 9,586,585                     | (20,170)                                  |
| Operations                            | 2,477,969            | 1,709,232                     | 768,737                                   |
| Elections                             | -                    | 2,000                         | (2,000)                                   |
| Conferences and conventions           | 131,118              | 171,825                       | (40,707)                                  |
| Board meetings                        | 40,754               | 78,432                        | (37,678)                                  |
| Hearings                              | 83,281               | 74,810                        | 8,471                                     |
| Committee meetings                    | 33,003               | 53,697                        | (20,694)                                  |
| Other regulatory services             | 10,292               | 21,360                        | (11,068)                                  |
| Pension Expense                       | 3,000                | -                             | 3,000                                     |
| Interest expense on lease liabilities | 42                   | -                             | 42  |
| Total operating expenses              | <u>12,345,874</u>    | <u>11,697,941</u>             | <u>647,933</u>                            |
| Operating income (loss)               | <u>(376,526)</u>     | <u>(150,000)</u>              | <u>(226,526)</u>                          |
| Non-operating revenues:               |                      |                               |   |
| Net investment income                 | 1,305,899            | 150,000                       | 1,155,899                                 |
| Loss on disposal of fixed assets      | -                    | -                             | -   |
|                                       | <u>1,305,899</u>     | <u>150,000</u>                | <u>1,155,899</u>                          |
| Changes in net position               | 929,373              | \$ -                          | \$ 929,373                                |
| Net position - beginning of year      | <u>17,781,092</u>    |                               |   |
| Net position - end of year            | <u>\$ 18,710,465</u> |                               |   |

*See Independent Auditor's Report*