

NORTH CAROLINA BOARD OF RECREATIONAL THERAPY LICENSURE

**Financial Statements for the
Years Ended June 30, 2025 and 2024 and
Independent Auditor's Report**

NORTH CAROLINA BOARD OF RECREATIONAL THERAPY LICENSURE

Financial Statements for the Years Ended June 30, 2025 and 2024 and Independent Auditor's Report

BOARD MEMBERS (2024-2025)

Amy Albritton, LRTA, Chair

Claire Salisbury, LRT, CTRS, Vice-Chair/Treasurer

Abena K. Jones-Boone, MS, MHSA, LRT, CTRS, CDP, CARSS-1, Secretary

Joey "Michael" Atkins

Wendy Chavez, MS, RN

Brent Hawkins, PhD, LRT, CTRS, FDRT

Nadyah John, MD

Dolly Williams, LCMHC, NCC, LRT, CTRS

EXECUTIVE OFFICER

Joan L. Sutton, MS, LRT, CTRS, CDP, FDRT, Executive Director

LEGAL COUNSEL

North Carolina Department of Justice

NORTH CAROLINA BOARD OF RECREATIONAL THERAPY LICENSURE

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NORTH CAROLINA BOARD OF RECREATIONAL THERAPY LICENSURE

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

Management's discussion and analysis introduces the basic financial statements and provides an analytical overview of the financial activities of the Board. This section of the Board's financial report represents the Board's financial activity and performance. Please read it in conjunction with the financial statements which follow this section.

Overview of the Financial Statements

This financial report consists of two sections: Management's Discussion and Analysis and the Financial Statements. The Board has no other supplementary information required by the Governmental Accounting Standards Board (GASB). The Financial Statements also include notes to the financial statements that provide detail of the information included in the financial statements. The financial statements, notes to the financial statements, and this discussion are the responsibility of Board management.

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

The *Statements of Net Position* present the current and long-term (if any) portions of assets and liabilities separately. Current assets are those that are available to pay for expenses in the next fiscal year. Current liabilities are those payable in the next fiscal year. Net position consists of investment in capital assets, restricted net position and unrestricted net position. The Board had no restricted net position.

The *Statements of Revenues, Expenses, and Changes in Net Position* present information on how the Board's assets changed as a result of its operations. The Board's revenues are classified as operating or non-operating revenues. Revenues are recognized when earned, regardless of the timing of cash flows. Expenses are recorded when a liability has been incurred, regardless of the timing of cash flows. Non-operating revenues and expenses are classified as non-operating in the financial statements.

The *Statements of Cash Flows* present information on how the Board's cash changed as a result of its financial activities. These statements provide information relative to the Board's sources and uses of cash funds for operating activities, capital financing activities, and investing activities.

The *Notes to the Financial Statements* provide detail of the information included in the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. They are an integral part of the financial statements and should be read in conjunction with them.

NORTH CAROLINA BOARD OF RECREATIONAL THERAPY LICENSURE

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Summary, Highlights, and Analysis

Net position is an indicator of the fiscal health of the Board. Assets exceeded liabilities by \$53,958 for the year ended June 30, 2025, and by \$38,390 for the year ended June 30, 2024. The largest component of net position was cash and cash equivalents. Cash and cash equivalents represented 105.39% of total net position for the year ended June 30, 2025, and 107.67% of total net position for the year ended June 30, 2024. Current assets consist of cash and cash equivalents. Noncurrent assets consist of capital assets (net of accumulated depreciation). Capital assets are not a significant component of assets and are denoted below. Current liabilities consist of accounts payable and payroll related liabilities. The Board had no long term liabilities. Net position consists of investment in capital assets and unrestricted net assets. Investment in capital assets is a component of net position and consists of capital assets net of depreciation.

The following is a comparative summary of the Statements of Net Position.

	Current Year as of June 30, 2025	Prior Year as of June 30,	Amount of Change	Percentage Change
Current assets	\$ 56,868	\$ 41,334	\$ 15,534	37.58%
Capital assets	1,207	1,330	(123)	-9.25%
Total assets	<u>\$ 58,075</u>	<u>\$ 42,664</u>	<u>\$ 15,411</u>	<u>36.12%</u>
Current liabilities	\$ 4,117	\$ 4,274	\$ (157)	-3.67%
Total liabilities	<u>\$ 4,117</u>	<u>\$ 4,274</u>	<u>\$ (157)</u>	<u>-3.67%</u>
Invested in capital assets	\$ 1,207	\$ 1,330	\$ (123)	-9.25%
Unrestricted	52,751	37,060	15,691	42.34%
Total net position	<u>\$ 53,958</u>	<u>\$ 38,390</u>	<u>\$ 15,568</u>	<u>40.55%</u>

During 2025, the Board's net position increased by \$15,568, or 40.55%, due primarily to revenues exceeding expenses.

The following is a comparative summary of the Statements of Revenues, Expenses, and Changes in Net Position.

	The year ended June 30, 2025	The year ended June 30, 2024	Amount of Change	Percentage Change
Operating revenues	\$ 91,180	\$ 86,345	\$ 4,835	5.60%
Operating expenses	75,644	85,827	(10,183)	-11.86%
Non-operating revenues	32	19	13	68.42%
Change in net position	<u>\$ 15,568</u>	<u>\$ 537</u>	<u>\$ 15,031</u>	<u>2799.07%</u>
Ending net position	<u>\$ 53,958</u>	<u>\$ 38,390</u>	<u>\$ 15,568</u>	<u>40.55%</u>

NORTH CAROLINA BOARD OF RECREATIONAL THERAPY LICENSURE

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Summary, Highlights, and Analysis

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Board. Operating revenues consist primarily of license fees and includes activities that have characteristics of exchange transactions. Fees received for the various licenses are deemed earned when the license period begins. Operating expenses are all expense transactions incurred other than those related to capital and noncapital financing or investing activities.

The following is a comparative breakdown of operating revenues by source.

	The year ended June 30, 2025	The year ended June 30, 2024	Amount of Change	Percentage Change
Revenue from fees	\$ 91,180	\$ 86,345	\$ 4,835	5.60%
Total	\$ 91,180	\$ 86,345	\$ 4,835	5.60%

During 2025, the operating revenues of the Board increased by \$4,835, or 5.60%, due to an increase in revenue from fees.

The following is a comparative breakdown of operating expenses.

	The year ended June 30, 2025	The year ended June 30, 2024	Amount of Change	Percentage Change
Salaries and wages - staff	\$ 35,342	\$ 44,953	\$ (9,611)	-21.38%
Social security contributions	2,725	3,439	(714)	-20.76%
Office expenses	937	2,596	(1,659)	-63.91%
Professional fees	7,995	7,995	0	0.00%
Website expense	5,792	3,793	1,999	52.70%
Travel expenses	709	1,154	(445)	-38.56%
Postage	667	620	47	7.58%
Telephone	1,695	1,947	(252)	-12.94%
Credit card fees	5,964	5,718	246	4.30%
Depreciation	123	92	31	33.70%
Insurance	13,508	13,508	0	0.00%
Dues and subscriptions	175	-	175	100.00%
Miscellaneous expenses	12	12	0	0.00%
Total	\$ 75,644	\$ 85,827	\$ (10,183)	-11.86%

During 2025, the operating expenses of the Board decreased by \$10,183, or 11.86%, due primarily to a decrease in staff salaries and related expense.

NORTH CAROLINA BOARD OF RECREATIONAL THERAPY LICENSURE

MANAGEMENT’S DISCUSSION AND ANALYSIS

Financial Summary, Highlights, and Analysis

The following is a comparative breakdown of non-operating revenues.

	The year ended June 30, 2025	The year ended June 30, 2024	Amount of Change	Percentage Change
Interest income	\$ 32	\$ 19	\$ 13	68.42%
Total	\$ 32	\$ 19	\$ 13	68.42%

During 2025, the non-operating revenues of the Board increased by \$13, or 68.42%, due to the fact that the board had more average cash on hand during the current year.

Economic and Other Factors Impacting Future Periods

The Board is not aware of any significant events that may affect future operations of the Board which is reportable pursuant to GASB reporting requirements. The Board anticipates that revenues and expenses of the Board in the upcoming year will be comparable to preceding years.

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. If you have any questions about this report or need additional information, contact: North Carolina Board of Recreational Therapy Licensure, PO Box 2655, Durham, NC 27715.

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Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

Members of the Board
North Carolina Board of Recreational Therapy Licensure
Durham, North Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the North Carolina Board of Recreational Therapy Licensure (Board), an independent state board which is a nonmajor enterprise fund of the primary government of the State of North Carolina, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the accompanying financial statements present fairly, in all material respects, the respective financial position of the North Carolina Board of Recreational Therapy Licensure as of June 30, 2025 and 2024, and the results of its operations, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The Board's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for one year after the date that the financial statements are issued.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:


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

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

INDEPENDENT AUDITOR'S REPORT (CONCLUDED)

Required Supplementary Information

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



Hawley, C.P.A., P.A.

Angier, North Carolina

October 15, 2025

NORTH CAROLINA BOARD OF RECREATIONAL THERAPY LICENSURE
STATEMENTS OF NET POSITION
JUNE 30, 2025 AND 2024

	June 30, 2025	June 30, 2024
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
ASSETS		
Current assets:		
Cash and cash equivalents (Notes 1 and 2)	\$ 56,868	\$ 41,334
Total current assets	56,868	41,334
Capital assets (Notes 1 and 3):		
Furniture and office equipment	1,207	1,330
Total capital assets - net of depreciation	1,207	1,330
TOTAL ASSETS	\$ 58,075	\$ 42,664
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable (Note 4)	\$ 62	\$ 53
Accrued payroll	2,390	2,642
Accrued and withheld payroll taxes	1,665	1,579
Total current liabilities	4,117	4,274
TOTAL LIABILITIES	4,117	4,274
NET POSITION (NOTE 1)		
Investment in capital assets	1,207	1,330
Unrestricted net position	52,751	37,060
TOTAL NET POSITION	53,958	38,390
TOTAL LIABILITIES AND NET POSITION	\$ 58,075	\$ 42,664

See notes to financial statements.

NORTH CAROLINA BOARD OF RECREATIONAL THERAPY LICENSURE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
	<u>Proprietary- Enterprise Fund</u>	<u>Proprietary- Enterprise Fund</u>
OPERATING REVENUES:		
Fees, licenses and fines:		
Revenue from fees	\$ 91,180	\$ 86,345
Total operating revenues	\$ 91,180	\$ 86,345
OPERATING EXPENSES:		
Personal services:		
Salaries and wages - staff	\$ 35,342	\$ 44,953
Social security contributions	2,725	3,439
Supplies and materials:		
Office expenses and related expenses	937	2,596
Services:		
Professional fees	7,995	7,995
Website expense	5,792	3,793
Travel and related expense (staff) (including conferences)	709	1,154
Postage	667	620
Telephone	1,695	1,947
Credit card fees	5,964	5,718
Depreciation	123	92
Insurance	13,508	13,508
Other expenses:		
Dues and subscriptions	175	
Miscellaneous other expenses	12	12
Total operating expenses	\$ 75,644	\$ 85,827
Operating income (loss)	\$ 15,536	\$ 518

See notes to financial statements.

NORTH CAROLINA BOARD OF RECREATIONAL THERAPY LICENSURE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
	<u>Proprietary- Enterprise Fund</u>	<u>Proprietary- Enterprise Fund</u>
NON-OPERATING REVENUES (EXPENSES):		
Interest income	\$ 32	\$ 19
Total non-operating revenues	\$ 32	\$ 19
 Change in net position	 \$ 15,568	 \$ 537
 Net position - beginning of year	 38,390	 37,853
Net position - end of year	<u>\$ 53,958</u>	<u>\$ 38,390</u>

See notes to financial statements.

NORTH CAROLINA BOARD OF RECREATIONAL THERAPY LICENSURE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
	<u>Proprietary- Enterprise Fund</u>	<u>Proprietary- Enterprise Fund</u>
Cash flows from operating activities:		
Cash received from fees and other sources	\$ 91,180	\$ 86,345
Cash payments to employees for services	(38,233)	(49,206)
Cash payments for operating expenses	(37,445)	(37,344)
Net cash provided (used) by operating activities	<u>\$ 15,502</u>	<u>\$ (205)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	\$	\$ (1,232)
Net cash used in capital and related financing activities	<u>\$ 0</u>	<u>\$ (1,232)</u>
Cash flows from investing activities:		
Earnings on savings and investments	\$ 32	\$ 19
Net cash provided (used) by investing activities	<u>\$ 32</u>	<u>\$ 19</u>
Net increase (decrease) in cash	<u>\$ 15,534</u>	<u>\$ (1,418)</u>
Cash and cash equivalents - beginning of year	<u>41,334</u>	<u>42,752</u>
Cash and cash equivalents - end of year	<u><u>\$ 56,868</u></u>	<u><u>\$ 41,334</u></u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	<u>\$ 15,536</u>	<u>\$ 518</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	\$ 123	\$ 92
Changes in assets and liabilities:		
Accounts payable	9	(1)
Accrued payroll and payroll taxes	(166)	(814)
Total adjustments	<u>\$ (34)</u>	<u>\$ (723)</u>
Net cash provided (used) by operating activities	<u><u>\$ 15,502</u></u>	<u><u>\$ (205)</u></u>

See notes to financial statements.

NORTH CAROLINA BOARD OF RECREATIONAL THERAPY LICENSURE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

Note 1 - Nature of Activities and Significant Accounting Policies

Description of Organization and Purpose

The North Carolina Board of Recreational Therapy Licensure (the "Board") is an independent state board. During 2005, the Board had its name changed, pursuant to North Carolina General Statute, from the North Carolina Therapeutic Recreation Certification Board to the North Carolina Board of Recreational Therapy Licensure. The Board is an occupational licensing board and is authorized by Chapter 90C of the North Carolina General Statutes. The Board is composed of eight members who are appointed by the Governor and the General Assembly of the State of North Carolina. It is a nonmajor enterprise fund of the primary government of the State of North Carolina and is reported as such in the State's Annual Comprehensive Financial Report (ACFR).

The Board is established to maintain minimum standards for services provided by recreational therapists and assistants.

The Board's operations are financed with self-generated revenues from fees charged to licensees.

Financial Reporting Entity

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

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

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards.

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.

NORTH CAROLINA BOARD OF RECREATIONAL THERAPY LICENSURE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

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 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 cash flows. Fees received for the various licenses are deemed earned when the license period begins.

The Statements of Revenues, Expenses, and Changes in Net Position classify the Board's revenues as operating or non-operating revenues. Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Board. Operating revenues consist primarily of license fees and includes activities that have characteristics of exchange transactions. 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 Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Non-operating revenues and expenses consist of those revenues and expenses that are related to investing, capital, and non-capital financing activities; and are classified as non-operating in the financial statements.

Cash and Cash Equivalents

This classification includes undeposited receipts, petty cash, checking accounts and time deposits (excluding certain certificates of deposit, if any) held by the Board. Certain certificates of deposits, if any, are considered investments for the Statements of Net Position presentation.

Capital Assets

Property and equipment are stated at cost and are being depreciated over their useful lives on a straight-line basis. The Board capitalizes assets that have a value or cost of \$100 or greater at the date of acquisition and an estimated useful life of more than one year. Depreciation is computed using the straight-line method of depreciation over the estimated useful lives of the assets, generally estimated as follows: office furniture and equipment, 5 to 7 years.

NORTH CAROLINA BOARD OF RECREATIONAL THERAPY LICENSURE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

Net Position

Investment in capital assets - This component of net position consists of total investment in capital assets (net of accumulated depreciation).

Restricted net position - This component of net position consists of net position which the Board is legally or contractually obligated to spend in accordance with restrictions imposed by external parties. The Board had no restricted net position at the fiscal years ended June 30, 2025 and 2024.

Unrestricted net position - This component of net position consists of net position that does not meet the definition of *restricted or investment in capital assets*.

Revenue Recognition

Prior to July 1, 2013, the Board's licensing term was on a biennial basis, which began with each respective licensee's inception date, and ended on each respective licensee's subsequent second year anniversary date (the former method). Further, in alternating years, licensing maintenance fees (in the same amount as the license renewal fee) were and continue to be collected. Pursuant to a change in the Board's administrative code, effective on July 1, 2013, the Board's licensing term is now on a biennial basis which coincides with the licensee's month of birth (the current method). For all periods through June 30, 2013, license renewal fees were reported as revenue in the period received and were not allocated to other years. During the latter part of the fiscal year ended June 30, 2014, additional fees (for renewals and for maintenance fees) were collected in advance from licensees in the amounts of a pro-rated fees beginning with the licensees' renewal date under the "former method" until the month of licensees' birth month (the current method). This unearned revenue calculation for the year ended June 30, 2014 was a one year-one time only calculation, which was employed in order to allocate those advance collected pro-rata fees to the year ended June 30, 2015. Except for this one time allocation for the year ended June 30, 2015 and 2014, license renewal fees are recognized as revenue in the period received and are not deferred and recognized as revenue over the periods to which they relate. This revenue recognition method reasonably reflects income of the Board.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NORTH CAROLINA BOARD OF RECREATIONAL THERAPY LICENSURE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

Note 2 - Deposits

All of the Board's deposits which are uninsured are uncollateralized [unless collateralized pursuant to NC Administrative Code (20 NCAC 7)] by the financial institution holding said deposits. For deposits, custodial credit risk is the risk that in the event of the failure of the depository (or counterparty), the Board will not be able to recover the value of its deposits that are in the possession of the outside party. The Board does not have formal written policies regarding custodial credit risk for deposits.

At June 30, 2025, the Board's deposits had a carrying amount of \$56,868 (including undeposited receipts, if any) and a bank balance of \$56,868, which was covered by federal depository insurance with the National Credit Union Administration. At June 30, 2024, the Board's deposits had a carrying amount of \$41,334 (including undeposited receipts, if any) and a bank balance of \$41,334, which was covered by federal depository insurance with the National Credit Union Administration.

Note 3 - Capital Assets

Changes in capital assets as of and for the years ended June 30, 2025 and 2024 are as follows:

	Cost 06-30-2024	Acquisitions	Disposals	Cost 06-30-2025	Accumulated Depreciation	Net Amount
Furniture/Equipment	\$ 5,828	\$ -	\$ -	\$ 5,828	\$ 4,621	\$ 1,207
	<u>\$ 5,828</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,828</u>	<u>\$ 4,621</u>	<u>\$ 1,207</u>

	Cost 06-30-2023	Acquisitions	Disposals	Cost 06-30-2024	Accumulated Depreciation	Net Amount
Furniture/Equipment	\$ 4,596	\$ 1,232	\$ -	\$ 5,828	\$ 4,498	\$ 1,330
	<u>\$ 4,596</u>	<u>\$ 1,232</u>	<u>\$ 0</u>	<u>\$ 5,828</u>	<u>\$ 4,498</u>	<u>\$ 1,330</u>

When an asset is disposed of, the cost of the asset and the related accumulated depreciation are removed from the books. Any gain or loss on disposition is reflected in earnings for the period. Depreciation expense was \$123 for the year ended June 30, 2025, and \$92 for the year ended June 30, 2024.

Note 4 - Accounts Payable

Accounts payable consist of amounts due to vendors and amounts due to other state agencies (if any), and are reported separately on the Statements of Net Position.

	June 30, 2025	June 30, 2024
Due to Vendors	\$ 62	\$ 53
Due to Other State Agencies	-	-
Total Accounts Payable	<u>\$ 62</u>	<u>\$ 53</u>

NORTH CAROLINA BOARD OF RECREATIONAL THERAPY LICENSURE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

Note 5 - Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to, and the destruction of assets; errors and omissions; injuries to employees; and natural disasters. These exposures to loss are handled by participation in certain state-administered risk programs and self retention of certain risks. Additionally, the Board protects itself from exposure to loss through the purchase of commercial insurance coverage. There have been no significant reductions in insurance coverage from coverage in the prior year, and no insurance claims were filed during the last three fiscal years.

Note 6 - Contingencies

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

Note 7 - Subsequent Events

Subsequent events have been evaluated through October 15, 2025, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

This audit required approximately 53 audit hours at a cost of \$5,295.