



SHARPE  
**PATEL**CPA

# NORTH CAROLINA LOCKSMITH LICENSING BOARD

FINANCIAL STATEMENTS  
For the Year Ended June 30, 2025

**NORTH CAROLINA LOCKSMITH LICENSING BOARD**  
**Board Members**

**Board Members**

Larry Mares, Chair

Jonathon Jefferies, Vice Chair

Mike McCarthy, Secretary / Treasurer

Erich Crouch

Garrett Davis

Diane Riddle

Jack Walder

David Burnham

Deanna Brena

**Senior Administrative Director**

Barden Culbreth

**Attorney**

Catherine E. Lee

**NORTH CAROLINA LOCKSMITH LICENSING BOARD**

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**June 30, 2025**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
North Carolina Locksmith Licensing Board  
Raleigh, North Carolina

### Opinion

We have audited the accompanying financial statements of North Carolina Locksmith Licensing Board (the "Board"), which comprise the statement of net position – cash basis as of June 30, 2025, and the related statement of revenues, expenses and changes in net position – cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Carolina Locksmith Licensing Board as of June 30, 2025, and the changes its financial position for the year then ended in accordance with the cash basis of accounting as described in Note 2.

### 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 the Financial Statements section of our report. We are required to be independent of North Carolina Locksmith Licensing 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.

### Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than the accounting principles generally accepted in the United States of America. Our opinion is not modified with respects to this matter.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting, 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 North Carolina Locksmith Licensing Board's ability to continue as a going concern within one year after the date that 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 generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of North Carolina Locksmith Licensing 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 North Carolina Locksmith Licensing 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.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, 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.

*Sharpe Patel PLLC*

Raleigh, North Carolina  
October 11, 2025

**NORTH CAROLINA LOCKSMITH LICENSING BOARD  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2025**

The following a discussion and analysis of the North Carolina Locksmith Licensing Board’s (the “Board”) financial performance for the fiscal year ended June 30, 2025. Please read it in conjunction with the financial statements which follow this section.

**Financial Highlights**

The operating revenues of the Board increased by \$16,833 due primarily to increase licenses and a change in accounting presentation. The operating expenses of the Board increased by \$61,868 due primarily to increases in investigator fees and a change in accounting presentation.

**Overview of the Financial Statements**

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

**Basic Financial Statements**

The financial statements of the Board report information about the Board using the cash basis of accounting.

The Statement of Net Position (page 6) presented assets and liabilities separately.

The Statement of Revenues, Expenses and Changes in Net Position (page 7) present information on how the Board’s asset changed as a result of the year’s operations.

**NORTH CAROLINA LOCKSMITH LICENSING BOARD  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2025**

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

	<u><b>June 30, 2025</b></u>	<u><b>June 30, 2024</b></u>
<b>ASSETS</b>		
Current assets	\$ 20,022	\$ 51,145
Total assets	<u>20,022</u>	<u>51,145</u>
<b>LIABILITIES</b>		
Current liabilities	-	-
Total liabilities	<u>-</u>	<u>-</u>
<b>NET POSITION</b>		
Unrestricted	20,022	51,145
Total net position	<u>\$ 20,022</u>	<u>\$ 51,145</u>

**Request for Information**

The financial report is designed to provide a general overview of the Board’s finances and to demonstrate the Board’s accountability for the money it receives and expends. Questions concerning any of the information presented in this report or requests for additional financial information should be addressed to the North Carolina Locksmith Licensing Board at P.O. Box 10972, Raleigh, North Carolina 27605-0972.

**NORTH CAROLINA LOCKSMITH LICENSING BOARD**  
**Statement of Financial Position - Cash Basis**  
**June 30, 2025**

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**ASSETS**

Current assets:

Cash in bank

\$ 20,022

Total current assets

20,022

Total assets

20,022

**LIABILITIES**

Current liabilities:

Due to Other State Agencies

-

Total current liabilities

-

Total liabilities

-

**NET ASSETS**

Unrestricted

20,022

Total net position

\$ 20,022

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

**NORTH CAROLINA LOCKSMITH LICENSING BOARD**  
**Statement of Revenues, Expenses and Changes in Net Position - Cash Basis**  
**Year Ended June 30, 2025**

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Operating revenues:	
License and exam fees	\$ 138,537
Other operating revenues and reimbursements	47,343
Total operating revenues	<u>185,880</u>
Operating expenses:	
Administrative services	31,084
Legal fees	112,916
Board member expenses	4,922
Postage and supplies	6,349
Licenses	7,937
Audit	9,000
Investigator expenses	31,490
Insurance	2,014
Website maintenance expense	758
Miscellaneous	10,533
Total expenses	<u>217,003</u>
Change in net position	<u>(31,123)</u>
Net position at beginning of year	<u>51,145</u>
Net position at end of year	<u><u>\$ 20,022</u></u>

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

**NORTH CAROLINA LOCKSMITH LICENSING BOARD**  
**Notes to the Financial Statements**  
**June 30, 2025**

**NOTE 1 - NATURE OF ACTIVITIES**

The North Carolina Locksmith Licensing Board (the “Board”) is an independent State agency. It is an occupational licensing board authorized by Chapter 93B of the North Carolina General Statutes to maintain minimum standards for services provided by locksmiths. The Board formally consists of nine members appointed by the Governor. The Board’s operations are funded primarily through license and registration application and renewal fees.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Financial Reporting Entity

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

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

Basis of Presentation

The accompanying financial statements have been reported in accordance with the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis, revenues are generally recognized when collected rather than when earned and expenses are generally recognized when paid rather than when incurred. All activities of the Board are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Basis of Accounting

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

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.

**NORTH CAROLINA LOCKSMITH LICENSING BOARD**  
**Notes to the Financial Statements**  
**June 30, 2025**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Net Position

The Board's net position is classified as follows:

*Unrestricted* – This represents assets with no external restriction as to use or purpose. This equity can be employed for any purpose designated by the governing board.

Use of Estimates

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

**NOTE 3 - DEPOSITS**

The Board places its cash and cash equivalents on deposit with financial institutions in the United States. Combined deposits with each commercial bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2025, the Board's cash deposits were below the FDIC limit. The Board has not adopted a formal policy regarding custodial credit risk for deposits.

**NOTE 4 – CONTRACTUAL MANAGEMENT SERVICES**

The Board does not have any employees. The Board has an annual contract with a company located in Raleigh, North Carolina to provide administrative services. The contract includes all services related to the process of the license application, license renewal, and various other duties. The Board also reimburses the management company for miscellaneous office supplies and expenses. The amount paid under the contract during the year ending June 30, 2025 totaled \$26,750.

**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 state-administered risk programs and self-retention of certain risks. The Board protects itself from exposure to loss through the purchase of commercial insurance coverage. There have been no significant reductions in insurance coverage from the previous year.

**NOTE 6 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through October 11, 2025, which is the date the financial statements were available to be issued.