

NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS

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

NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS

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

BOARD MEMBERS (2025)

Yasmin Gay, PhD, LCMHC, Chairperson

Nicole Stargell, PhD, LCMHC , Vice Chairperson

Bruce Garris, LCMHC, Treasurer

Edward "Neal" Carter, Public Member

Vanessa Diggs, EdD, Public Member

Mark Schwarze, PhD, LCMHC

Levette S. Scott, PhD, LCMHC, RN, NCC

BOARD ADMINISTRATOR (2025)

Melonie Davis, MA, LCMHCA, NCC, Executive Director

LEGAL COUNSEL

The Brocker Law Firm P.A.

NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS

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NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS

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 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 at year end.

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 LICENSED CLINICAL MENTAL HEALTH COUNSELORS

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 \$3,954,586 for the year ended June 30, 2025. Assets exceeded liabilities by \$3,631,344 for the year ended June 30, 2024. The largest component of net position was cash and cash equivalents, and investments. Cash and cash equivalents, and investments represented 146.78% of total net position for the year ended June 30, 2025. Cash and cash equivalents, and investments represented 146.96% of total net position for the year ended June 30, 2024. Current assets consist of cash and cash equivalents, and prepaid expense. Noncurrent assets consist of capital assets (net of accumulated depreciation) and long-term investments. Capital assets are not a significant component of assets and are denoted below in the comparative summary of the Statements of Net Position. Current liabilities consist of accounts payable due to vendors, and unearned revenue from license fees paid in advance. The Board has 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 accumulated 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, 2024	Amount of Change	Percentage Change
Current assets	\$ 4,731,892	\$ 5,265,464	\$ (533,572)	-10.13%
Capital assets	1,795	2,436	(641)	-26.31%
Other assets	1,074,915	73,406	1,001,509	1364.34%
Total assets	<u>\$ 5,808,602</u>	<u>\$ 5,341,306</u>	<u>\$ 467,296</u>	<u>8.75%</u>
Current liabilities	\$ 1,854,016	\$ 1,709,962	\$ 144,054	8.42%
Total liabilities	<u>\$ 1,854,016</u>	<u>\$ 1,709,962</u>	<u>\$ 144,054</u>	<u>8.42%</u>
Investment in capital assets	\$ 1,795	\$ 2,436	\$ (641)	-26.31%
Unrestricted	3,952,791	3,628,908	323,883	8.93%
Total net position	<u>\$ 3,954,586</u>	<u>\$ 3,631,344</u>	<u>\$ 323,242</u>	<u>8.90%</u>

During 2025, the Board's net position increased by \$323,242, or 8.90%, due primarily to annually recurring revenues in excess of 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	\$ 1,966,507	\$ 1,762,109	\$ 204,398	11.60%
Operating expenses	1,723,524	1,466,514	257,010	17.53%
Non-operating revenues	80,259	98,646	(18,387)	-18.64%
Change in net position	<u>\$ 323,242</u>	<u>\$ 394,241</u>	<u>\$ (70,999)</u>	<u>-18.01%</u>
Ending net position	<u>\$ 3,954,586</u>	<u>\$ 3,631,344</u>	<u>\$ 323,242</u>	<u>8.90%</u>

NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS

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.

	The year ended June 30, 2025	The year ended June 30, 2024	Amount of Change	Percentage Change
Individual renewal fees	\$ 1,105,875	\$ 1,038,890	\$ 66,985	6.45%
Individual licensing/application fees	727,910	606,576	121,334	20.00%
Corporate licensing/renewal fees	100,646	91,943	8,703	9.47%
Late fees	16,510	10,145	6,365	62.74%
Verify fees	4,840	4,905	(65)	-1.33%
Other license related fees	3,811	3,285	526	16.01%
Other revenues	6,915	6,365	550	8.64%
Total	\$ 1,966,507	\$ 1,762,109	\$ 204,398	11.60%

During 2025, the operating revenues of the Board increased by \$204,398, or 11.60%, due primarily to an increase in individual renewal fees and individual licensing/application 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
Board members - per diem	\$ 7,476	\$ 13,606	\$ (6,130)	-45.05%
Office expenses	369	2,875	(2,506)	-87.17%
Contracted management service - admin fees	905,060	830,918	74,142	8.92%
Contracted services-professionals program	250,000	196,528	53,472	27.21%
Licensing application related expense	96,710	86,944	9,766	11.23%
Professional fees-legal and investigative	182,557	77,315	105,242	136.12%
Professional fees-accounting and audit	35,195	33,995	1,200	3.53%
Travel expenses	40,716	64,810	(24,094)	-37.18%
Printing	22,645	20,663	1,982	9.59%
Postage	17,917	15,129	2,788	18.43%
Telephone/fax	1,902	2,234	(332)	-14.86%
Conference registrations	16,883	20,446	(3,563)	-17.43%
Board meeting and hearing expenses	3,375	2,613	762	29.16%
Credit card discount fees	99,216	57,175	42,041	73.53%
Depreciation	641	641	0	0.00%
Insurance	27,070	29,496	(2,426)	-8.22%
Dues and subscriptions	12,754	11,126	1,628	14.63%
Miscellaneous expenses	3,038		3,038	100.00%
Total	\$ 1,723,524	\$ 1,466,514	\$ 257,010	17.53%

During 2025, the operating expenses of the Board increased by \$257,010, or 17.53%, due primarily to an increase in legal fees, credit card fees, and contracted services (admin fees and impaired professionals program).

NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Summary, Highlights, and Analysis

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

	<u>The year ended June 30, 2025</u>	<u>The year ended June 30, 2024</u>	<u>Amount of Change</u>	<u>Percentage Change</u>
Interest income	\$ 80,259	\$ 98,646	\$ (18,387)	-18.64%
Total	\$ 80,259	\$ 98,646	\$ (18,387)	-18.64%

During 2025, the non-operating revenues of the Board decreased by \$18,387, or 18.64%, due primarily to a decrease in interest earnings.

Economic and Other Factors Impacting Future Periods

The Board derives 93% of its revenues from individual licensing and renewal fees. Revenues are expected to remain stable in the next fiscal year and anticipates that revenues and expenses of the Board in the upcoming year will be comparable to preceding years. 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.

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 Licensed Clinical Mental Health Counselors, PO Box 77819, Greensboro, NC 27417.

HAWLEY, C.P.A., P.A.
CERTIFIED PUBLIC ACCOUNTANT

P.O. Box 1545
800 N. RALEIGH ST., STE B1
ANGIER, NC 27501-1545

PHONE: 919.639.4825
FAX: 919.639.3102
EMAIL: CPABRAT@AOL.COM

INDEPENDENT AUDITOR'S REPORT

Members of the Board
North Carolina Board of Licensed Clinical Mental Health Counselors
Greensboro, North Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the North Carolina Board of Licensed Clinical Mental Health Counselors (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 year ended June 30, 2025, 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 Licensed Clinical Mental Health Counselors as of June 30, 2025, and the results of its operations, changes in financial position, and cash flows for the year 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:

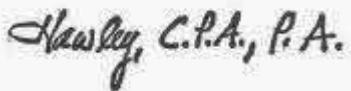
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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.

A handwritten signature in black ink that reads "Hawley, C.P.A., P.A." The signature is cursive and appears to be a professional title.

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

Angier NC

October 15, 2025

NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS
STATEMENT OF NET POSITION
JUNE 30, 2025

	June 30, 2025
	Proprietary-Enterprise Fund
ASSETS	
Current assets:	
Cash and cash equivalents (Notes 1 and 2)	\$ 4,729,433
Cash in State Treasurer (Notes 1 and 2)	198
Prepaid expense (Note 1)	2,261
Total current assets	<u>4,731,892</u>
Capital assets (Notes 1 and 3):	
Office equipment - net of depreciation	<u>1,795</u>
Total capital assets - net of depreciation	1,795
Other assets:	
Investments (Notes 1 and 2)	<u>1,074,915</u>
Total other assets	1,074,915
TOTAL ASSETS	<u><u>\$ 5,808,602</u></u>
LIABILITIES AND NET POSITION	
Current liabilities:	
Accounts payable (Note 4)	\$ 29,748
Unearned revenue (Note 1)	<u>1,824,268</u>
Total current liabilities	1,854,016
TOTAL LIABILITIES	<u><u>1,854,016</u></u>
NET POSITION (NOTE 1)	
Investment in capital assets	1,795
Unrestricted net position	<u>3,952,791</u>
TOTAL NET POSITION	<u><u>3,954,586</u></u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 5,808,602</u></u>

See notes to financial statements.

NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2025

	2025	
		Proprietary-Enterprise Fund
OPERATING REVENUES:		
Fees, licenses, and fines:		
Individual renewal fees	\$ 1,105,875	
Licensing application fees (including SBI fees)	727,910	
Corporate licensing and renewal fees	100,646	
Late fees	16,510	
Verify fees	4,840	
Other license related fees	3,811	
Other operating revenue	<hr/> 6,915	
Total operating revenues	\$ 1,966,507	
OPERATING EXPENSES:		
Personal services (and board members expenses):		
Board members - per diem	\$ 7,476	
Supplies and materials:		
Office and related expenses	369	
Services:		
Contracted management services - administrative fees (Note 5)	905,060	
Contracted services - impaired professionals program	250,000	
Licensing application (SBI) expense	96,710	
Professional fees - legal services	182,557	
Professional fees - accounting and auditing	35,195	
Travel expenses - board members and staff	21,406	
Lodging - board members and staff	14,774	
Meals - board members and staff	4,536	
Printing	22,645	
Postage	17,917	
Telephone/fax	1,902	

See notes to financial statements.

NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2025

	2025	
	Proprietary-Enterprise Fund	
OPERATING EXPENSES (CONTINUED):		
Conference registrations - board members and staff	16,883	
Board meeting and hearing expenses	3,375	
Credit card discount fees and bank charges	99,216	
Depreciation	641	
Insurance (Note 6)	27,070	
Other expenses:		
Dues and subscriptions	12,754	
Miscellaneous expense	3,038	
Total operating expenses	<u>\$ 1,723,524</u>	
Operating income (loss)	\$ 242,983	
NON-OPERATING REVENUES (EXPENSES):		
Interest income	<u>\$ 80,259</u>	
Total non-operating revenues	<u>\$ 80,259</u>	
Change in net position	<u>\$ 323,242</u>	
Net position - beginning of year	<u>3,631,344</u>	
Net position - end of year	<u><u>\$ 3,954,586</u></u>	

See notes to financial statements.

NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025

	2025	
	Proprietary-Enterprise Fund	
Cash flows from operating activities:		
Cash received from fees and other revenues	\$ 2,097,392	
Cash payments for operating expenses	(1,709,774)	
Net cash provided by operating activities	<u>\$ 387,618</u>	
Cash flows from investing activities:		
Transfers from (to) investments	\$ (1,001,509)	
Interest earned	80,259	
Net cash provided by investing activities	<u>\$ (921,250)</u>	
Net increase in cash	<u>\$ (533,632)</u>	
Cash - beginning of year	<u>5,263,263</u>	
Cash - end of year	<u>\$ 4,729,631</u>	
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	<u>\$ 242,983</u>	
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	\$ 641	
Changes in assets and liabilities:		
Prepaid expense	(60)	
Accounts payable and accrued liabilities	13,169	
Unearned revenue	130,885	
Total adjustments	<u>\$ 144,635</u>	
Net cash provided by operating activities	<u>\$ 387,618</u>	

See notes to financial statements.

NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 1 - Nature of Activities and Significant Accounting Policies

Description of Organization and Purpose

The North Carolina Board of Licensed Clinical Mental Health Counselors (the "Board") is an independent State board. It is an occupational licensing board and is authorized by Chapter 90 of the North Carolina General Statutes. Effective January 1, 2020, pursuant to a statutory change, the Board became named the North Carolina Board of Licensed Clinical Mental Health Counselors. It was formerly named the North Carolina Board of Licensed Professional Counselors. The Board is composed of seven members who are appointed by the Governor of the State of North Carolina. 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).

The Board is established to maintain minimum standards for services provided by licensed clinical mental health counselors.

The Board's operations are financed with self-generated revenues from fees charged to examinees and 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 LICENSED CLINICAL MENTAL HEALTH COUNSELORS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

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 classifies 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 Nonexpendable 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) held by the Board.

Cash in State Treasurer Short Term Investment Fund (STIF)

This classification consists of deposits with the State Treasurer of North Carolina. Because these funds are immediately available for expenditure they are considered a cash equivalent. Ownership interests of the STIF are determined on a fair market valuation basis as of June 30, 2025 in accordance with the STIF operating procedures. Valuation of the underlying assets is performed by the custodial. Pool investments are measured at fair value in accordance with GASB Statement No. 72. The Board's position in the pool is measured and reported at fair value and the STIF is not required to be categorized within the fair value hierarchy.

Investments

The Board is authorized to invest idle funds in accordance with North Carolina General Statutes. This classification consists of certain certificates of deposits held by the Board for investment with maturities of more than three months. Investments generally are reported at fair market value. Certificates of deposit are reported at cost (which is the same as fair value) if purchased in the primary certificate of deposit market, and at fair value if purchased in the secondary certificate of deposit market (as determined by quoted market prices). The net increase (decrease) in the fair value of investments for certificates of deposit is recognized as a component of investment interest income. The Board held only non-negotiable certificates of deposit.

Prepaid Expenses

This classification includes expenses which were prepaid at year end for commercial insurance.

NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

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

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 \$500 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.

Unearned Revenue

The Board's fees are assessed and collected on both an annual and a biennial basis, some of which correspond with the Board's accounting period and some of which correspond with the calendar year. License renewal fees received in the latter part of the fiscal year are unearned and recognized as revenue over the periods to which they relate. This reporting method reasonably reports revenues as earned.

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.

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*.

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.

Note 2 - Deposits and Investments

The Board is authorized to invest idle funds in accordance with North Carolina General Statutes. All funds of the Board are deposited in the North Carolina Short Term Investment Fund (STIF) or private financial institutions. 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.

NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 2 - Deposits and Investments (Continued)

Cash and Cash Equivalents

At June 30, 2025, deposits, with a carrying amount (including undeposited receipts, if any) of \$4,729,433 and a bank balance of \$4,660,188, consists of cash and cash equivalents in private financial institutions as shown on the Statement of Net Position. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$4,160,188 was uninsured and uncollateralized [unless collateralized pursuant to NC Administrative Code (20 NCAC 7)].

Deposits in State Treasurer Short Term Investment Fund (STIF)

Pursuant to North Carolina General Statute 147-69.3(b), the Board voluntarily holds deposits with the North Carolina Short Term Investment Fund (STIF). Disbursements, if used, are through the issuance of warrants by the Board. Investments of the Short Term Investment Fund are limited to those authorized for the State's General Fund, generally high quality money market investments and US Government agency securities. FDIC insurance and deposit collateralization rules do not apply.

Deposit and investment risks associated with the State Treasurer's Investment Pool (which includes the State Treasurer's STIF) are included in the North Carolina Department of State Treasurer Investment Programs' separately issued audit report. This separately issued report can be obtained from the Department of State Treasurer, 3200 Atlantic Avenue, Raleigh, NC 27604 or can be accessed from the Department of State Treasurer's website at <https://www.nctreasurer.com/> in the Audited Financial Statements section.

At June 30, 2025, deposits, with a carrying amount (including undeposited receipts, if any) and a bank balance of \$198, consists of deposits in the North Carolina Short Term Investment Fund (STIF) as shown on the Statement of Net Position.

Investments

Certificates of deposit, in the amount of \$1,074,915, are considered time deposits for this disclosure and are classified as investments on the Statement of Net Position.

The Board is subject to the following risks:

Interest rate risk - Interest rate risk is the risk the Board may face should interest rate variances affect the fair value of investments. As a means of limiting its exposure to fair value losses arising from interest rate variances, the Board limits its investments, if any, to certificates of deposits with maturities of no more than 36 months and to money market mutual funds.

Credit risk - Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. Investments of the Board are subject to the statutory requirements of North Carolina General Statutes; however, the Board's present policy for managing credit risk is to limit its investments to certificates of deposits and to money market mutual funds.

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YEAR ENDED JUNE 30, 2025

Note 2 - Deposits and Investments (Continued)

The following table presents fair value of investments by type and investment subject to interest rate risk and credit risk at June 30, 2025, for the Board's investments.

Investment Type	Fair Value	Properties of Debt Securities	
		Weighted Average Maturities	Ratings
Securities:			
Certificates of Deposit	\$ 1,074,915	17 Months	N/A

Reconciliation of Deposits and Investments

A reconciliation of deposits and investments for the Board to the basic financial statements at June 30, 2025 is as follows:

	Carrying Amounts			
	Total	State Treasurer (STIF)	Bank Deposit(s)	Nonnegotiable CDs
Current:				
Cash and Cash Equivalents - cash in STIF	\$ 198	\$ 198	\$ 1,546,187	\$
Cash and Cash Equivalents - cash in bank	4,729,433		2,710,271	
			472,975	
Noncurrent:				
Investments: Certificates of Deposit nonnegotiable	1,074,915		74,915	
			1,000,000	
Total Deposits and Investments	<u>\$ 5,804,546</u>	<u>\$ 198</u>	<u>\$ 4,729,433</u>	<u>\$ 1,074,915</u>

Note 3- Capital Assets

Changes in capital assets as of and for the year ended June 30, 2025 is as follows:

	Bal 6-30-2024	Increases	Decreases	Bal 6-30-2025
Capital Assets				
Furn/Equipment	\$ 68,782	\$ -	\$ -	\$ 68,782
Total capital assets	<u>68,782</u>	<u>0</u>	<u>0</u>	<u>68,782</u>
Less Accumulated Depr/Amort				
Furn/Equipment	(66,346)	(641)	-	(66,987)
Total Accumulate Depr/Amort	<u>(66,346)</u>	<u>(641)</u>	<u>0</u>	<u>(66,987)</u>
Capital Assets, Net	<u>\$ 2,436</u>	<u>\$ (641)</u>	<u>\$ 0</u>	<u>\$ 1,795</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 \$641 for the fiscal year ended June 30, 2025.

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YEAR ENDED JUNE 30, 2025

Note 4 - Accounts Payable

Accounts payable consists of amounts due to vendors in the ordinary operations of the Board. Accounts payable due in the ordinary operations of the Board which are due to other state agencies (if any) are reported separately.

	June 30,2025
Due to Vendors	\$ 29,748
Due to Other State Agencies	-
Total Accounts Payable	\$ 29,748

Note 5 - Contracted Management Services

The Board does not have employees. The Board contracted with a management service to provide services for the Board. The contracts included all services related to the process of licensure application and renewal and various other management and administrative duties. The Board also reimbursed the management service for additional contract labor, printing, copying, postage and miscellaneous office supplies and expenses. Payments to the management services totaled \$917,594 (which consisted of contracted management services-administrative fees in the amount \$905,060 and reimbursements in the amount of \$12,534) during the fiscal year ended June 30, 2025.

Note 6 - 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 as denoted below. 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 7 - 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 year under audit do not materially affect the Board's operations, changes in financial position, or cash flows for the year herein ended.

Note 8- 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 101 audit hours at a cost of \$9,995.