

NC BOARD OF ARCHITECTURE

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018



NC BOARD OF ARCHITECTURE

Board Members

BOARD MEMBERS (2019)

Jimmy L. Norwood, Jr., President

Katherine N. Peele, Vice President

Cathy C. Morrision, Secretary

Steven G. Clipp, Treasurer

Walter Sawyer

Fred Dodson, Jr.

Stephen McClure

EXECUTIVE DIRECTOR

Cathe M. Evans

ATTORNEY

M. Jack Nichols

NC BOARD OF ARCHITECTURE

Table of Contents

	<u>Page No.</u>
Management's Discussion and Analysis	1 - 2
Independent Auditor's Report	3 - 4
<i>Financial Statements</i>	
Statements of Net Position	5
Statements of Revenues, Expenses and Changes in Net Position	6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 13

NC BOARD OF ARCHITECTURE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

The following is a discussion and analysis of the NC Board of Architecture's (the "Board") financial performance for the fiscal year ended June 30, 2019. Please read it in conjunction with the financial statements which follow this section.

Financial Highlights

The operating revenues of the Board increased by \$33,058 due primarily to increases in individual and corporate renewals, as well as an increase in individual late fees. The operating expenses of the Board increased by \$15,146 due primarily to increases in employee salaries and benefits offset by a decrease in legal fees. There were net non-operating revenues of \$37,731 for the fiscal year ended June 30, 2019, and net non-operating expenses of \$1,989 for the fiscal year ended June 30, 2018, an increase of \$39,720 in the current year.

Overview of the Financial Statements

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

Basic Financial Statements

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

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

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

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

NC BOARD OF ARCHITECTURE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

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

	As of and for the fiscal year ended June 30, 2019	As of and for the fiscal year ended June 30, 2018	As of and for the fiscal year ended June 30, 2017
Current assets	\$ 2,112,239	\$ 2,003,711	\$ 1,962,044
Capital assets, net of depreciation	43,247	66,940	85,851
Total assets	2,155,486	2,070,651	2,047,895
Current liabilities	423,764	409,708	396,069
Non-current liabilities	24,421	25,549	30,707
Total liabilities	448,185	435,257	426,776
Invested in capital assets	43,247	66,940	85,851
Unrestricted	1,664,054	1,568,454	1,535,268
Total net position	\$ 1,707,301	\$ 1,635,394	\$ 1,621,119
Operating revenues	\$ 610,258	\$ 577,200	\$ 593,667
Operating expenses	576,082	560,936	563,374
Operating income	34,176	16,264	30,293
Non-operating revenues (expenses)	37,731	(1,989)	(965)
Changes in net position	\$ 71,907	\$ 14,275	\$ 29,328

Events Affecting Future Operations

As of the issuance of this financial report, there are no major events planned that may affect future operations.

In order to develop and maintain its information technology and develop programs that will enhance the Board's ability to carry out its statutory charges, a fee ceiling increase will be considered.

Contacting the Board's Management

This financial report is designed to provide a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives and expends. If you have any questions about this report or need additional information, contact: NC Board of Architecture, 127 W. Hargett Street, Suite 304, Raleigh, NC 27601.



Independent Auditor's Report

Board of Directors
NC Board of Architecture
Raleigh, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the NC Board of Architecture (the "Board"), an enterprise fund of the State of North Carolina, which comprise the statements of net position as of June 30, 2019 and 2018, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these basic 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 basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these basic financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the basic financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the NC Board of Architecture as of June 30, 2019 and 2018, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements presented are only for the NC Board of Architecture and do not purport to, and do not present fairly the financial position of the State of North Carolina as of June 30, 2019 and 2018, or the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 1 – 2, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Bernard Robinson & Company, L.L.P.

Raleigh, North Carolina
September 25, 2019

NC BOARD OF ARCHITECTURE
Statements of Net Position
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS:		
Current assets:		
Cash	\$ 1,017,416	\$ 946,219
Investments	1,094,823	1,057,492
Total current assets	<u>2,112,239</u>	<u>2,003,711</u>
Capital assets:		
Furniture and equipment, net of depreciation	<u>43,247</u>	<u>66,940</u>
Total assets	<u>2,155,486</u>	<u>2,070,651</u>
LIABILITIES:		
Current liabilities:		
Accounts payable	22,274	24,098
Due to the State Treasurer	29,840	32,560
Unearned revenues	371,650	353,050
Total current liabilities	<u>423,764</u>	<u>409,708</u>
Noncurrent liabilities:		
Lease obligation	6,241	9,436
Accrued vacation pay	18,180	16,113
Total noncurrent liabilities	<u>24,421</u>	<u>25,549</u>
Total liabilities	<u>448,185</u>	<u>435,257</u>
NET POSITION:		
Invested in capital assets	43,247	66,940
Unrestricted	1,664,054	1,568,454
Total net position	<u>\$ 1,707,301</u>	<u>\$ 1,635,394</u>

NC BOARD OF ARCHITECTURE
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2019 and 2018

	2019	2018
Operating revenues:		
Individual renewals	\$ 302,950	\$ 289,200
Corporate renewals	169,350	162,100
Reciprocity	54,750	54,600
Individual reinstatement fees	9,400	15,750
Individual late fees	41,100	28,100
New firm registrations	14,100	14,100
Firm late fees	8,950	6,500
Application fees	-	650
Certification fees	4,400	6,200
Miscellaneous	5,258	-
Total operating revenues	<u>610,258</u>	<u>577,200</u>
Operating expenses:		
Salaries and wages	220,319	204,024
Employee benefits	55,944	44,218
Payroll taxes	13,879	15,323
Legal fees	58,042	73,626
Equipment - maintenance and rental	4,101	3,561
Travel and subsistence	25,386	31,655
Rent	49,834	49,446
Board member per diem	4,794	5,700
Contractual services	3,276	3,158
Advertising	511	480
Postage and supplies	8,131	6,394
Registration and dues	12,855	11,459
Printing	-	226
Audit	8,800	8,500
Payroll service fees	2,886	3,643
Insurance	8,734	5,792
Telephone	5,269	4,413
Computer services	48,939	47,264
Miscellaneous	2,292	1,293
Online renewal expense	18,397	17,950
Depreciation	23,693	22,811
Total operating expenses	<u>576,082</u>	<u>560,936</u>
Operating income	<u>34,176</u>	<u>16,264</u>
Non-operating revenues (expenses):		
Interest and dividend income	21,457	22,236
Realized and unrealized gain (loss) on investments	16,274	(24,225)
Total non-operating revenues (expenses)	<u>37,731</u>	<u>(1,989)</u>
Changes in net position	71,907	14,275
Net position - beginning of year	<u>1,635,394</u>	<u>1,621,119</u>
Net position - end of year	<u><u>\$ 1,707,301</u></u>	<u><u>\$ 1,635,394</u></u>

NC BOARD OF ARCHITECTURE
Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Cash received from fees	\$ 628,858	\$ 579,000
Cash payments to employees for services	(218,252)	(207,042)
Cash payments to suppliers for goods and services	(267,351)	(246,785)
Cash payments for other expenses	(72,458)	(73,849)
Net cash provided by operating activities	<u>70,797</u>	<u>51,324</u>
Cash flows from investing activities:		
Investment income	21,456	22,236
Purchase of investments	(1,104,934)	(22,078)
Proceeds from sale of investments	1,083,878	-
Net cash provided by investing activities	<u>400</u>	<u>158</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	-	(3,900)
Net cash used in capital and related financing activities	<u>-</u>	<u>(3,900)</u>
Net increase in cash	71,197	47,582
Cash - beginning of year	<u>946,219</u>	<u>898,637</u>
Cash - end of year	<u><u>\$ 1,017,416</u></u>	<u><u>\$ 946,219</u></u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 34,176	\$ 16,264
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	23,693	22,811
Changes in assets and liabilities:		
Prepaid expenses	-	3,768
Accounts payable	(1,824)	(8,221)
Due to the State Treasurer	(2,720)	20,060
Unearned revenues	18,600	1,800
Lease obligation	(3,195)	(2,140)
Accrued vacation pay	2,067	(3,018)
Net cash provided by operating activities	<u><u>\$ 70,797</u></u>	<u><u>\$ 51,324</u></u>

NC BOARD OF ARCHITECTURE

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

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

Financial Reporting Entity

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

For financial reporting purposes, the Board is a nonmajor enterprise fund of the primary government of the State of North Carolina and may be included in the State's *Comprehensive Annual Financial Report* (CAFR). 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 or changes in the State's financial position and cash flows.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with U.S. GAAP as prescribed by Governmental Accounting Standards Board ("GASB").

All activities of the Board are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Basis of Accounting

The basic financial statements of the Board are prepared using the economic resource measurement focus and the accrual basis of accounting. The economic resource measurement focus measures all assets that are available to the entity, not only cash or soon to be cash assets. Both long-term assets and long-term liabilities are measured, and depreciation is recorded as a cost of operations. Under the accrual basis, revenues are recognized when earned and expenses are recorded when a liability has been incurred, regardless of the timing of the cash flows.

The Board adopted Governmental Accounting Standards Board ("GASB") Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, issued in March 2018 by the Governmental Accounting Standards Board and effective for reporting periods beginning after June 15, 2018. The GASB had no effect on the amounts previously reported or disclosed in these financial statements.

NC BOARD OF ARCHITECTURE

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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

Cash

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

Investments

The Board reports investments at fair value, which is based on readily available published values. The Board's investments consist of various mutual funds.

Capital Assets

Furniture and equipment purchases of \$1,000 or more with an expected useful life greater than one year are considered capital assets. Capital assets are recorded at cost and are depreciated over their estimated useful lives. Furniture, equipment, and software are depreciated over a 3-5 year period. When an asset is disposed of, the cost of the asset and the related accumulated depreciation are removed from the books. Any gain or loss on disposition is reflected as a non-operating activity.

Unearned Revenues

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

Lease Obligation

The Board's lease for office space provides for annual increases and 3 months of free rent. These amounts are recognized on a straight-line basis over the 7-year lease period. The difference between rent expense recognized and rental payments, per the lease, is reflected as a lease obligation in the financial statements.

Accrued Vacation Pay

The vacation policy of the Board provides for the accumulation of up to 30 days earned vacation leave with such leave being fully vested when earned.

The Board's sick leave policy provides for an unlimited accumulation of earned sick leave. There is no liability for unpaid accumulated sick leave because the Board has no obligation to pay sick leave upon employee termination or retirement.

NC BOARD OF ARCHITECTURE

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

The Board's net position is classified as follows:

Invested in Capital Assets - This represents the Board's total investment in capital assets, net of accumulated depreciation.

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

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

The Board designated amounts up to \$1,500,000 as of June 30, 2019, as follows:

Litigation	\$ 1,000,000
Operating expenses	400,000
Technology updates	100,000
Total reserved balances	<u>\$ 1,500,000</u>

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Custodial credit risk: Custodial credit risk is the risk that in the event of a bank failure, the Board's deposits may not be returned to it. The Board does not have a formal deposit policy for custodial credit risk. The Board's deposits with each commercial bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2019, the Board had cash deposits that exceeded the FDIC limits by \$717,101. The Securities Investor Protection Corporation (SIPC) is a nonprofit membership corporation funded by its member securities broker-dealers. The SIPC insures against the loss or theft of securities as well as the failure or insolvency of the brokerage firm. Also, at June 30, 2019, the Board owned investments that exceeded the SIPC limit of \$500,000 by \$594,823.

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

NC BOARD OF ARCHITECTURE

Notes to Financial Statements

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Credit risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. At June 30, 2019, the Board's portfolio, which consisted of U.S. government and government agency funds, had the following credit ratings as rated by Moody's Investors Service:

<u>Credit Rating</u>	
AAA	\$ 1,085,680
AAA-mf	\$ 9,143

The maturity of the Board's U.S. government and government agency debt securities, totaling \$1,085,680 as of June 30, 2019, had maturities of less than 3 years.

NOTE 3 - FAIR VALUE MEASUREMENTS

Fair value, as defined under U.S. GAAP, is an exit price representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value.

These tiers include:

Level 1: Observable inputs such as quoted prices in active markets.

Level 2: Inputs other than quoted prices in active markets that are either directly or indirectly observable.

Level 3: Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Board's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

The following tables set forth by level the fair value hierarchy of the Board's financial assets and liabilities accounted for at fair value on a recurring basis as of June 30, 2019:

	<u>Total Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Direct Government Securities	\$ 905,135	\$ -	\$ 905,135	\$ -
Government Agency Securities	180,545	-	180,545	-
	<u>\$ 1,085,680</u>	<u>\$ -</u>	<u>\$ 1,085,680</u>	<u>\$ -</u>

In addition, the investment balance on the statement of net position includes government money market funds measured at the net asset value (NAV) and therefore not included in the fair value hierarchy. The government money market funds consist of U.S. Treasury and government securities maturing in 397 days or less and repurchase agreements, collateralized fully by U.S. Treasury and government securities. As of June 30, 2019, Board investments measured at the NAV totaled \$9,143.

NC BOARD OF ARCHITECTURE**Notes to Financial Statements**

NOTE 4 - CAPITAL ASSETS

Capital assets were comprised of the following:

	<u>Cost</u> <u>6/30/2018</u>	<u>Additions</u>	<u>Disposals</u>	<u>Cost</u> <u>6/30/2019</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Net</u> <u>Amount</u>
Furniture/ equipment	<u>\$219,088</u>	<u>\$ -</u>	<u>\$ 6,860</u>	<u>\$ 212,228</u>	<u>\$ 168,981</u>	<u>\$ 43,247</u>

	<u>Cost</u> <u>6/30/2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Cost</u> <u>6/30/2018</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Net</u> <u>Amount</u>
Furniture/ equipment	<u>\$215,188</u>	<u>\$ 3,900</u>	<u>\$ -</u>	<u>\$ 219,088</u>	<u>\$ 152,148</u>	<u>\$ 66,940</u>

NOTE 5 - ACCRUED VACATION

Changes to accrued vacation are as follows:

	<u>2019</u>	<u>2018</u>
Beginning accrued vacation	<u>\$ 16,113</u>	<u>\$ 19,131</u>
Vacation earned	<u>18,897</u>	<u>18,351</u>
Vacation used	<u>(16,830)</u>	<u>(21,369)</u>
Ending accrued vacation	<u>\$ 18,180</u>	<u>\$ 16,113</u>

NOTE 6 - OPERATING LEASES

The Board has an operating lease for office space. The Board's lease was negotiated in November 2013 to replace the prior lease. The lease term is for seven years beginning December 1, 2013 and ending on November 30, 2020. Rent expense for the years ended June 30, 2019 and 2018, totaled \$49,834 and \$49,446, respectively.

The Board also has an operating lease for a copier. The lease requires monthly payments of \$289 through January 2021. Rent expense related to this agreement was \$3,488 and \$2,986 for the years ended June 30, 2019 and 2018, respectively.

Future minimum lease payments under these non-cancelable operating leases are as follows:

<u>Years Ending June 30</u>	
2020	<u>\$ 52,440</u>
2021	<u>22,328</u>
	<u>\$ 74,768</u>

NC BOARD OF ARCHITECTURE

Notes to Financial Statements

NOTE 7 - RETIREMENT PLAN

The Board has a simplified employee pension plan covering all employees who have performed services for the Board in at least one of the immediately preceding five calendar years. Participants may elect to contribute one percent to fifteen percent of their compensation to the plan each year and are fully vested in all contributions. The Board contributes six percent of compensation for all eligible employees. Total participant contributions in any calendar year are subject to limitations set by the Internal Revenue Code. For the years ended June 30, 2019 and 2018, the Board contributed \$12,815 and \$12,108, respectively, on behalf of its employees. For the years ended June 30, 2019 and 2018, the employees contributed \$13,520 and \$13,007, respectively.

NOTE 8 - RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and the destruction of assets; errors and omissions; injuries to employees; and natural disasters. These exposures to loss are managed using a combination of the purchase of commercial insurance and various State coverages. Tort claims of board members are self-insured by the State, under the authority of the State Tort Claims Act. Additional coverage is provided to the Board under the State's public officers' and employees' liability insurance contract.

NOTE 9 - SUBSEQUENT EVENTS

Management of the Board evaluated subsequent events through September 25, 2019, which is the date the financial statements were available to be issued. Management discovered no subsequent events that should be disclosed.

The Board's audit was conducted in approximately 70 hours at a total cost of \$9,800.