

NC BOARD OF ARCHITECTURE  
FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2020 AND 2019



**NC BOARD OF ARCHITECTURE**  
**Board Members**

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**BOARD MEMBERS (2020)**

Katherine N. Peele, Vice President

Cathy C. Morrision, Secretary

Steven G. Clipp, Treasurer

Walter Sawyer

Fred Dodson, Jr.

Roula Qubain

Cora Cole-McFadden

**EXECUTIVE DIRECTOR**

Cathe M. Evans

**ATTORNEY**

M. Jack Nichols

# NC BOARD OF ARCHITECTURE

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**NC BOARD OF ARCHITECTURE**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**

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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, 2020. Please read it in conjunction with the financial statements which follow this section.

**Financial Highlights**

The operating revenues of the Board increased by \$4,912 due primarily to increases in individual and corporate renewals, offset by a decrease in reciprocity licenses and late fees. The operating expenses of the Board increased by \$10,421 due primarily to increases in legal fees and employee salaries and benefits offset by a decrease in travel. The net non-operating revenues, consisting of investment income, net of fees, decreased by \$5,556.

**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, 2020**

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

	As of and for the fiscal year ended <b>June 30, 2020</b>	As of and for the fiscal year ended June 30, 2019	As of and for the fiscal year ended June 30, 2018
Current assets	<b>\$ 2,170,377</b>	\$ 2,112,239	\$ 2,003,711
Non-current assets	<b>28,397</b>	43,247	66,940
Total assets	<b>2,198,774</b>	2,155,486	2,070,651
Current liabilities	<b>405,614</b>	423,764	409,708
Non-current liabilities	<b>25,017</b>	24,421	25,549
Total liabilities	<b>430,631</b>	448,185	435,257
Invested in capital assets	<b>23,497</b>	43,247	66,940
Unrestricted	<b>1,744,646</b>	1,664,054	1,568,454
Total net position	<b>\$ 1,768,143</b>	\$ 1,707,301	\$ 1,635,394
Operating revenues	<b>\$ 615,170</b>	\$ 610,258	\$ 577,200
Operating expenses	<b>586,503</b>	576,082	560,936
Operating income	<b>28,667</b>	34,176	16,264
Non-operating revenues (expenses)	<b>32,175</b>	37,731	(1,989)
Changes in net position	<b>\$ 60,842</b>	\$ 71,907	\$ 14,275

### **Events Affecting Future Operations**

The Board has signed a ten year lease for new office space.

In accordance with North Carolina Governor Cooper's order, the NC Board of Architecture office remains closed to the public. Staff is working remotely and is available through email or phone during regular office hours. When the office reopens to the public, we will update our website and social media channels, and advise of any new procedures in place for safely visiting the office. We have technology in place to allow Board operations to continue without interruption.

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, 2020 and 2019, 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, 2020 and 2019, 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, 2020 and 2019, 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  
August 17, 2020

**NC BOARD OF ARCHITECTURE**  
**Statements of Net Position**  
**June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS:</b>		
Current assets:		
Cash	\$ 1,029,656	\$ 1,017,416
Prepaid rent	4,119	-
Deposits on future capital assets	9,904	-
Investments	1,126,698	1,094,823
Total current assets	<u>2,170,377</u>	<u>2,112,239</u>
Non-current assets:		
Security deposit, lease	4,900	-
Capital assets, net of depreciation	23,497	43,247
Total non-current assets	<u>28,397</u>	<u>43,247</u>
Total assets	<u>2,198,774</u>	<u>2,155,486</u>
<b>LIABILITIES:</b>		
Current liabilities:		
Accounts payable	14,264	22,274
Due to the State Treasurer	12,000	29,840
Unearned revenues	379,350	371,650
Total current liabilities	<u>405,614</u>	<u>423,764</u>
Noncurrent liabilities:		
Lease obligation	1,969	6,241
Accrued vacation pay	23,048	18,180
Total noncurrent liabilities	<u>25,017</u>	<u>24,421</u>
Total liabilities	<u>430,631</u>	<u>448,185</u>
<b>NET POSITION:</b>		
Invested in capital assets	23,497	43,247
Unrestricted	1,744,646	1,664,054
Total net position	<u>\$ 1,768,143</u>	<u>\$ 1,707,301</u>



**NC BOARD OF ARCHITECTURE**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**Years Ended June 30, 2020 and 2019**

	2020	2019
Operating revenues:		
Individual renewals	\$ 309,250	\$ 302,950
Corporate renewals	175,750	169,350
Reciprocity	48,000	54,750
Individual reinstatement fees	10,000	9,400
Individual late fees	36,100	41,100
New firm registrations	12,525	14,100
Firm late fees	16,850	8,950
Certification fees	4,050	4,400
Miscellaneous	2,645	5,258
Total operating revenues	615,170	610,258
Operating expenses:		
Salaries and wages	228,950	220,319
Employee benefits	59,801	55,944
Payroll taxes	17,282	13,879
Legal fees	72,629	58,042
Equipment - maintenance and rental	4,427	4,101
Travel and subsistence	11,878	25,386
Rent	51,169	49,834
Board member per diem	1,400	4,794
Contractual services	2,905	3,276
Advertising	511	511
Postage and supplies	5,819	8,131
Registration and dues	10,350	12,855
Printing	484	-
Audit	10,150	8,800
Payroll service fees	1,136	2,886
Insurance	7,711	8,734
Telephone	3,500	5,269
Computer services	51,730	48,939
Miscellaneous	2,364	2,292
Online renewal expense	15,476	18,397
Depreciation	23,866	23,693
Loss on disposal	2,965	-
Total operating expenses	586,503	576,082
Operating income	28,667	34,176
Non-operating revenues (expenses):		
Interest and dividend income, net of expenses	17,044	21,457
Realized and unrealized gain on investments	15,131	16,274
Total non-operating revenues (expenses)	32,175	37,731
Changes in net position	60,842	71,907
Net position - beginning of year	1,707,301	1,635,394
Net position - end of year	\$ 1,768,143	\$ 1,707,301

**NC BOARD OF ARCHITECTURE**  
**Statements of Cash Flows**  
**Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Cash received from fees	\$ 622,870	\$ 628,858
Cash payments to employees for services	(224,082)	(218,252)
Cash payments to suppliers for goods and services	(315,783)	(267,351)
Cash payments for other expenses	(49,180)	(72,458)
Net cash provided by operating activities	<u>33,825</u>	<u>70,797</u>
Cash flows from investing activities:		
Investment income	17,300	21,456
Purchase of investments	(844,701)	(1,104,934)
Proceeds from sale of investments	827,701	1,083,878
Net cash provided by investing activities	<u>300</u>	<u>400</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(7,081)	-
Deposits on future capital assets	(14,804)	-
Net cash used in capital and related financing activities	<u>(21,885)</u>	<u>-</u>
Net increase in cash	12,240	71,197
Cash - beginning of year	<u>1,017,416</u>	<u>946,219</u>
Cash - end of year	<u>\$ 1,029,656</u>	<u>\$ 1,017,416</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 28,667	\$ 34,176
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	23,866	23,693
Loss on disposal	2,965	-
Changes in assets and liabilities:		
Prepaid expenses	(4,119)	-
Accounts payable	(8,010)	(1,824)
Due to the State Treasurer	(17,840)	(2,720)
Unearned revenues	7,700	18,600
Lease obligation	(4,272)	(3,195)
Accrued vacation pay	4,868	2,067
Net cash provided by operating activities	<u>\$ 33,825</u>	<u>\$ 70,797</u>

## NC BOARD OF ARCHITECTURE

### Notes to Financial Statements

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#### 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 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.

## NC BOARD OF ARCHITECTURE

### Notes to Financial Statements

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#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **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 obligations of the United States, governmental agency securities, and federal money market 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.

##### **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, 2020, as follows:

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

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

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**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, 2020, the Board had cash deposits that exceeded the FDIC limits by \$762,407. 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, 2020, the Board owned investments that exceeded the SIPC limit of \$500,000 by \$626,698.

*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**

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**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, 2020, 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	\$ 1,021,511
AAA-mf	\$ 105,187

The maturity of the Board's U.S. government and government agency debt securities, totaling \$1,021,511 as of June 30, 2020, 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, 2020:

	<u>Total Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Direct Government Securities	\$ 832,539	\$ -	\$ 832,539	\$ -
Government Agency Securities	188,972	-	188,972	-
	<u>\$ 1,021,511</u>	<u>\$ -</u>	<u>\$ 1,021,511</u>	<u>\$ -</u>

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

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

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, 2020, Board investments measured at the NAV totaled \$105,187.

**NOTE 4 - CAPITAL ASSETS**

Capital assets were comprised of the following:

	<u>Cost</u> <u>6/30/2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Cost</u> <u>6/30/2020</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Net</u> <u>Amount</u>
Furniture/ equipment	<u>\$212,228</u>	<u>\$ 7,081</u>	<u>\$ 6,069</u>	<u>\$ 213,240</u>	<u>\$ 189,743</u>	<u>\$ 23,497</u>

  

	<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>

**NOTE 5 - ACCRUED VACATION**

Changes to accrued vacation are as follows:

	<u>2020</u>	<u>2019</u>
Beginning accrued vacation	<u>\$ 18,180</u>	<u>\$ 16,113</u>
Vacation earned	<u>19,654</u>	<u>18,897</u>
Vacation used	<u>(14,786)</u>	<u>(16,830)</u>
Ending accrued vacation	<u>\$ 23,048</u>	<u>\$ 18,180</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, 2020 and 2019, totaled \$51,169 and \$49,834, respectively.

On April 13, 2020, the Board entered into a new operating lease for office space in a new building. The lease term is for ten years, beginning on the commencement date; provided, however, that if the commencement date is other than the first day of the month, the expiration date shall nevertheless be the last day of the last month of the term. As of the commencement date, the lease will require payments beginning at \$4,870 per month and will escalate annually by approximately 2.5%. The commencement date is currently estimated to be August 2020.

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

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**NOTE 6 - OPERATING LEASES (Continued)**

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 for the years ended June 30, 2020 and 2019.

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

<u>Years Ending June 30</u>	
2021	\$ 73,621
2022	59,661
2023	61,149
2024	62,673
2025	64,238
	<u>\$ 321,342</u>

**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, 2020 and 2019, the Board contributed \$12,959 and \$12,815, respectively, on behalf of its employees. For the years ended June 30, 2020 and 2019, the employees contributed \$13,198 and \$13,520, 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 - COMMITMENTS**

As noted in Note 6, the Board entered into a contract to lease new office space. The Board has also entered into agreements for the purchase and installation of future capital assets, for the new office space, totaling approximately \$80,000. During the year ended June 30, 2020, the Board paid \$9,904 in deposits on these agreements.



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

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**NOTE 10 - SUBSEQUENT EVENTS**

Management of the Board evaluated subsequent events through August 17, 2020, which is the date the financial statements were available to be issued. The Board's operations may be affected by the recent and ongoing outbreak of the coronavirus disease (Covid-19) which has been declared a pandemic by the World Health Organization. The ultimate disruption which may be caused by the outbreak is uncertain; however it may result in a material adverse impact on the Board's financial position, operations and cash flows. Management discovered no additional subsequent events that should be disclosed

The Board's audit was conducted in approximately 70 hours at a total cost of \$10,200.