

NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS

**Financial Statements and
Supplemental Schedule for the
Year Ended June 30, 2020 and
Independent Auditor's Report**

NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS

**Financial Statements and
Supplemental Schedule for the
Year Ended June 30, 2020 and
Independent Auditor's Report**

BOARD MEMBERS (2020)

Denaupo Robinson, EdD, LPCS, Chairperson

Kyla M. Kurian, PhD, NCC, LPC, Vice Chairperson

Gussie Tate, Treasurer

Katherine H. Glenn, PhD, LPCS, Ethics Chairperson

Edward "Neal" Carter

Mark Schwarze, PhD

Charles Wentz, MA, NCC, LPCS

BOARD ADMINISTRATOR (2020)

Stefon Plummer

LEGAL COUNSEL

North Carolina Department of Justice

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

This section of the Board's financial report represents Management's analysis of the Board's financial performance during the year ended June 30, 2020. Please read it in conjunction with the financial statements which follow this section.

Financial Highlights

During 2020, the Board's net position increased by \$294,516, or 18.26%, due primarily to annually recurring revenues in excess of expenses.

During 2020, the operating revenues of the Board increased by \$95,139, or 8.60%, due primarily to an increase in individual licensing fees revenue.

During 2020, the non-operating revenues of the Board decreased by \$2,451, or 10.83%, due primarily to a decrease in the rate of return on investments.

During 2020, the operating expenses of the Board increased by \$58,547, or 6.75%, due primarily to an increase in printing costs, legal related costs, and credit card discount fees.

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 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 Statement of Net Position presents the current and long-term portions of assets and liabilities separately.

The Statement of Revenues, Expenses, and Changes in Net Position presents information on how the Board's assets changed as a result of its operations.

The Statement of Cash Flows presents information on how the Board's cash changed as a result of its financial activities.

NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Condensed Financial Information

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

	Current Year as of and for the year ended June 30, 2020	Current Year as of and for the year ended June 30, 2019
Current assets	\$ 1,771,514	\$ 1,538,912
Capital assets	1,912	3,000
Other assets	1,076,714	1,330,048
Total assets	\$ 2,850,140	\$ 2,871,960
Current liabilities	\$ 943,092	\$ 1,259,428
Total liabilities	\$ 943,092	\$ 1,259,428
Investment in capital assets	\$ 1,912	\$ 3,000
Unrestricted	1,905,136	1,609,532
Total net position	\$ 1,907,048	\$ 1,612,532
Operating revenues	\$ 1,200,857	\$ 1,105,718
Operating expenses	(926,519)	(867,972)
Operating income	274,338	237,746
Non-operating revenues	20,178	22,629
Change in net position	\$ 294,516	\$ 260,375

NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis

Net position is an indicator of the fiscal health of the Board. Assets exceeded liabilities by \$1,907,048 for the year ended June 30, 2020. The largest component of net position was cash and cash equivalents, and investments. Cash and cash equivalents, and investments represented 149.09% of total net position. Current assets consist of cash and cash equivalents, and prepaid expenses. 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 net assets invested in capital assets and unrestricted net assets. Net investment in capital assets is a component of net position and consists of capital assets net of depreciation. The following is a summary of the Statements of Net Position.

	Current Year as of June 30, 2020	Current Year as of June 30, 2019	Amount of Change	Percentage Change
Current assets	\$ 1,771,514	\$ 1,538,912	\$ 232,602	15.11%
Capital assets	1,912	3,000	(1,088)	-36.27%
Other assets	1,076,714	1,330,048	(253,334)	-19.05%
Total assets	\$ 2,850,140	\$ 2,871,960	\$ (21,820)	-0.76%
Current liabilities	\$ 943,092	\$ 1,259,428	\$ (316,336)	-25.12%
Total liabilities	\$ 943,092	\$ 1,259,428	\$ (316,336)	-25.12%
Invested in capital assets	\$ 1,912	\$ 3,000	\$ (1,088)	-36.27%
Unrestricted	1,905,136	1,609,532	295,604	18.37%
Total net position	\$ 1,907,048	\$ 1,612,532	\$ 294,516	18.26%

The following is a summary of the Statements of Revenues, Expenses, and Changes in Net Position. Further discussion of this is included in the preceding section entitled "Financial Highlights."

	The year ended June 30, 2020	The year ended June 30, 2019	Amount of Change	Percentage Change
Operating revenues	\$ 1,200,857	\$ 1,105,718	\$ 95,139	8.60%
Operating expenses	(926,519)	(867,972)	(58,547)	6.75%
Non-operating revenues	20,178	22,629	(2,451)	-10.83%
Change in net position	<u>\$ 294,516</u>	<u>\$ 260,375</u>	<u>\$ 34,141</u>	<u>13.11%</u>
Ending net position	<u>\$ 1,907,048</u>	<u>\$ 1,612,532</u>	<u>\$ 294,516</u>	<u>18.26%</u>

NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS
MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a breakdown of operating revenues by source. Further discussion of this is included in the preceding section entitled “Financial Highlights.”

	The year ended June 30, 2020	The year ended June 30, 2019	Amount of Change	Percentage Change
Individual renewal fees	\$ 800,115	\$ 730,398	\$ 69,717	9.55%
Individual licensing/application fees	343,025	323,360	19,665	6.08%
Corporate licensing/renewal fees	41,687	34,100	7,587	22.25%
Late fees	8,555	9,205	(650)	-7.06%
Verify fees	1,435	1,430	5	0.35%
Other license related fees	1,950	2,785	(835)	-29.98%
Other revenues	4,090	4,440	(350)	-7.88%
Total	\$ 1,200,857	\$ 1,105,718	\$ 95,139	8.60%

The following is a breakdown of non-operating revenues by source. Further discussion of this is included in the preceding section entitled “Financial Highlights.”

	The year ended June 30, 2020	The year ended June 30, 2019	Amount of Change	Percentage Change
Interest income	\$ 20,178	\$ 22,629	\$ (2,451)	-10.83%
Total	\$ 20,178	\$ 22,629	\$ (2,451)	-10.83%

Events Affecting Future Operations

The Board is not aware of any significant events that may affect future operations of the Board which are reportable pursuant to GASB reporting requirements, except as follows. The Board anticipates that revenues and expenses of the Board in the upcoming year may decline related to the Covid-19 pandemic.

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.

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the North Carolina Board of Licensed Clinical Mental Health Counselors (the "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, 2020, and the related notes to the financial statements, which comprise the Board's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 the 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 financial statements based on the audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 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 financial statements referred to above present fairly, in all material respects, the financial position of the North Carolina Board of Licensed Clinical Mental Health Counselors as of June 30, 2020, 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.

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, 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 historic 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 supplementary information because the limited procedures do not provide sufficient evidence to express an opinion or provide any assurance thereon.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Receipts and Disbursements - Modified Cash Basis is presented for purposes of additional analysis and is not a required part of the financial statements. We have applied certain limited procedures to the 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 supplementary information because the limited procedures do not provide sufficient evidence to express an opinion or provide any assurance thereon.



Shelton L. Hawley, C.P.A., P.A.

Angier NC

October 12, 2020

NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS
STATEMENT OF NET POSITION
JUNE 30, 2020

	June 30, 2020
	Proprietary-Enterprise Fund
ASSETS	
Current assets:	
Cash and cash equivalents (Notes 1 and 2)	\$ 1,769,725
Cash in State Treasurer (Notes 1 and 2)	198
Prepaid expense	<u>1,591</u>
Total current assets	<u>1,771,514</u>
Capital assets (Notes 1 and 3):	
Office equipment - net of depreciation	<u>1,912</u>
Total capital assets - net of depreciation	<u>1,912</u>
Other assets:	
Investments (Notes 1 and 2)	1,073,249
Accrued interest receivable (on investments)	<u>3,465</u>
Total other assets	<u>1,076,714</u>
TOTAL ASSETS	<u>\$ 2,850,140</u>
LIABILITIES AND NET POSITION	
Current liabilities:	
Accounts payable (Note 4)	\$ 49,336
Due to other state agencies (Note 4)	17,090
Unearned revenue (Note 1)	<u>876,666</u>
Total current liabilities	<u>943,092</u>
TOTAL LIABILITIES	<u>943,092</u>
NET POSITION (NOTE 1)	
Investment in capital assets	1,912
Unrestricted net position	<u>1,905,136</u>
TOTAL NET POSITION	<u>1,907,048</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 2,850,140</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, 2020**

	2020	
		Proprietary- Enterprise Fund
OPERATING REVENUES:		
Fees, licenses, and fines:		
Individual renewal fees	\$	800,115
Individual licensing/application fees		343,025
Corporate licensing and renewal fees		41,687
Late fees		8,555
Verify fees		1,435
Other license related fees		1,950
Other operating revenue		4,090
Total operating revenues	\$	1,200,857
OPERATING EXPENSES:		
Personal services (and board members expenses):		
Per diem - board members	\$	13,871
Supplies and materials:		
Office supplies		9,023
Services:		
Contracted management services - administrative fees (Note 5)		533,386
Legal services - attorney (NCDOJ)		95,033
Legal services - investigative		77,304
Legal services - legislative consulting		7,333
Contracted services - accounting		27,368
Contracted services - auditing		9,995
Travel expenses - board members and staff		23,888
Lodging - board members and staff		7,841
Meals - board members and staff		6,911
Printing		29,026
Postage		5,380
Telephone/fax		2,965

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, 2020**

	2020	
	Proprietary- Enterprise Fund	
OPERATING EXPENSES (CONTINUED):		
Conference registrations - board members and staff	7,854	
Board meeting and hearing expenses	3,391	
Bank charges	105	
Credit card discount fees	46,200	
Contracted services - investigations	3,694	
Depreciation	1,088	
Insurance (Note 6)	3,744	
Other expenses:		
Service agreements and maintenance - office equipment	2,983	
Dues and subscriptions	<u>8,136</u>	
Total operating expenses	<u>\$ 926,519</u>	
Operating income (loss)	\$ 274,338	
NON-OPERATING REVENUES (EXPENSES):		
Interest income	<u>\$ 20,178</u>	
Total non-operating revenues	\$ 20,178	
Change in net position	<u>\$ 294,516</u>	
Net position - beginning of year	<u>1,612,532</u>	
Net position - end of year	<u>\$ 1,907,048</u>	

See notes to financial statements.

NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020

	2020	
	Proprietary-Enterprise Fund	
Cash flows from operating activities:		
Cash received from fees and other revenues	\$ 857,087	
Cash payments for operating expenses	(897,825)	
Net cash provided by operating activities	\$ (40,738)	
Cash flows from investing activities:		
Transfers from investments	\$ 875,888	
Transfers to investments	(622,260)	
Interest on savings	19,884	
Net cash provided by investing activities	\$ 273,512	
Net increase in cash	<u>\$ 232,774</u>	
Cash - beginning of year	<u>1,537,149</u>	
Cash - end of year	<u>\$ 1,769,923</u>	
Reconciliation of operating income		
to net cash provided by operating activities:		
Operating income (loss)	<u>\$ 274,338</u>	
Adjustments to reconcile operating income		
to net cash provided by operating activities:		
Depreciation	\$ 1,088	
Changes in assets and liabilities:		
Prepaid expense	172	
Accounts payable and accrued liabilities	29,411	
Unearned revenue	(345,747)	
Total adjustments	<u>\$ (315,076)</u>	
Net cash provided by operating activities	<u>\$ (40,738)</u>	

See notes to financial statements.

NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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 Comprehensive Annual Financial Report (CAFR).

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 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 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, 2020

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

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.

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. 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, 2020

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 capital assets, net of accumulated depreciation and reduced by the outstanding balances of any loan proceeds that are attributable to the acquisition, construction, or improvement of those capital assets.

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

Deposits in Bank(s)

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, 2020

Note 2 - Deposits and Investments (Continued)

At June 30, 2020, the Board's deposits in banks had a carrying amount (including undeposited receipts, if any) of \$2,842,974 and a bank balance of \$2,861,386, of which \$954,979 was covered by federal depository insurance, and \$1,906,407 was uninsured and uncollateralized [unless collateralized pursuant to NC Administrative Code (20 NCAC 7)]. Certificates of deposit in the amount of \$1,073,249 are considered time deposits for this disclosure and are classified as investments on the Statement of Net Position.

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 investments risks associated with the State Treasurer's Investment Pool (which includes the State Treasurer's Short-Term Investment Fund) are included in the State of North Carolina's Comprehensive Annual Financial Report. An electronic version of the financial report is available by accessing the North Carolina Office of the State Controller's internet home page, www.ncosc.net, and clicking on "Financial Reports", or calling the State Controller's Financial Reporting Section at (919) 707-0500.

At June 30, 2020, the Board's deposits with the State Treasurer STIF account had a carrying value, fair market value and a bank balance of \$198.

Investments

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.

NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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, 2020, for the Board's investments.

Investment Type	Fair Value	Properties of Debt Securities	
		Weighted Average Maturities	Ratings
Securities:			
Certificates of Deposit	\$ 1,073,249	16.24 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, 2020 is as follows:

	June 30, 2020	
Carrying Amount of Bank Deposits	\$ 1,769,725	
Cash in State Treasurer	198	
Certificates of Deposits	1,073,249	
Total Deposits and Investments	\$ 2,843,172	
 Current:		
Cash and Cash Equivalents	\$ 1,769,725	
Cash in State Treasurer	198	
Noncurrent:		
Investments	1,073,249	
Total Deposits and Investments	\$ 2,843,172	

Note 3- Capital Assets

Changes in capital assets as of and for the year ended June 30, 2020 is as follows:

	Cost	Acquisitions	Disposals	Cost	Accumulated	Net
	06-30-19			06-30-20	Depreciation	Amount
Office equipment	\$ 65,195	\$ -	\$ -	\$ 65,195	\$ 63,283	\$ 1,912
	<u>\$ 65,195</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 65,195</u>	<u>\$ 63,283</u>	<u>\$ 1,912</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 \$1,088 for the fiscal year ended June 30, 2020.

NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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, 2020
Due to Vendors	\$ 49,336
Due to Other State Agencies	<u>17,090</u>
Total Accounts Payable	<u>66,426</u>

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 clerical duties. The Board also reimbursed the management services for additional contract labor, printing, copying, postage and miscellaneous office supplies and expenses. Payments to the management services totaled \$550,980 during the fiscal year ended June 30, 2020.

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.

Directors and Officers Liability and Employee Practices Insurance - Tort claims against Board members of up to \$1,000,000 (NCGS 143-299.2) are retained by the State under the authority of the State Tort Claims Act. Additional insurance coverage is provided by the Board through the purchase of excess Director's and Officer's Liability (\$3,000,000) coverage, Employment Practices (\$3,000,000) coverage, and Employee Dishonesty and Fraud (\$5,000,000) coverage.

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.

NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

Note 8- Subsequent Events

Subsequent events have been evaluated through October 12, 2020, 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 100 audit hours at a cost of \$9,995.

NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS - MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2020

	2020	
		Proprietary- Enterprise Fund
RECEIPTS:		
Individual renewal fees	\$ 441,380	
Individual licensing/application fees	343,025	
Corporate licensing and renewal fees	45,745	
Late fees	8,555	
Verify fees	1,435	
Other license related fees	1,950	
Interest income	19,885	
Other income	14,996	
Total receipts	\$ 876,971	
DISBURSEMENTS:		
Dues and subscriptions	\$ 8,509	
Legal services -attorney (NCDOJ)	103,226	
Legal services -investigative	75,103	
Legal services - consulting	6,000	
Printing	30,951	
Office supplies	10,076	
Service agreements and maintenance - office equipment	4,099	
Contracted management services - administrative fees	488,937	
Contracted services - accounting	27,103	
Contracted services - auditing	9,995	
Contracted services - investigations	5,546	
Bank charges	105	
Credit card discount fees	46,200	

See auditor's report on supplementary information.

NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS - MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2020

	2020
	Proprietary- Enterprise Fund
DISBURSEMENTS (CONTINUED):	
Telephone/fax	2,727
Postage	6,103
Insurance	4,906
Board meeting and hearing expenses	4,323
Travel expenses - board members and staff	26,028
Per diem - board members	13,902
Conference registrations - board members and staff (including sponsorship)	9,143
Lodging - board members and staff	7,841
Meals - board members and staff	<u>7,002</u>
Total disbursements	<u>\$ 897,825</u>
Receipts over (under) disbursements	(20,854)
Change in cash	<u>\$ (20,854)</u>
Cash and investments - beginning of year	<u>2,864,026</u>
Cash and investments - end of year	<u>\$ 2,843,172</u>

See auditor's report on supplementary information.