



NORTH CAROLINA BOARD  
of LICENSED PROFESSIONAL  
COUNSELORS

P.O. Box 77819  
Greensboro, NC 27417  
TELEPHONE: 844-622-3572  
FAX: 336-217-9450  
<http://www.ncblpc.org>

October 30, 2015

The Honorable Pat McCrory, Governor  
The State of North Carolina  
State Capitol  
Raleigh, NC 27603-8001

Secretary of State's Office  
Publications Division  
PO Box 29622  
Raleigh, NC 27626-0622

Dear Governor McCrory:

In keeping with North Carolina General Statute § 93B-2, the North Carolina Board of Licensed Professional Counselors submits the attached annual report. This report covers the activities of the Board during the period from July 1, 2014 through June 30, 2015. All financial reporting will be submitted by the Board's Certified Public Accountant. However, we have enclosed a copy of the financial reporting to ensure timely receipt. If you have questions regarding any part of the report, or if you wish further elaboration on the Board's activities, please do not hesitate to contact our office.

Respectfully submitted,

Katherine H. Glenn, LPCS  
Chair

Angela R. McDonald, LPCS  
Vice-Chair and Educational Reviewer

David S. King, LPCS  
Secretary - Treasurer

Gwendolyn K. Newsome, LPCS  
Ethics Chair

Jennifer N. Bressler, LPC

Wayne Mixon, Public Member

The Reverend George H. Greer, Public Member

cc: Elaine F. Marshall, Secretary of State  
Roy Cooper, Attorney General  
Joint Legislative Administrative Procedure Oversight Committee  
Donald Crooke, Office of State Budget and Management  
Beth Wood, State Auditor  
Linda Combs, State Controller

## North Carolina Board of Licensed Professional Counselors 2014 – 2015

1. Address of Board and names of its members and officers:

NC Board of Licensed Professional Counselors  
PO Box 77819  
Greensboro, NC 27417  
7D Terrace Way  
Greensboro, NC 27403

Phone: (336)217-6007 / (844)622-3572

Fax: (336)217-9450

Web Site: [www.ncblpc.org](http://www.ncblpc.org)

E-mail: [LPCInfo@ncblpc.org](mailto:LPCInfo@ncblpc.org)

Katherine H. Glenn, LPCS, Chair

Gwendolyn K. Newsome, LPC, Vice-Chair and Ethics Chair

David S. King, LPCS, Treasurer

Angela R. McDonald, LPCS, Educational Reviewer

Jennifer N. Bressler, LPC

Arthur F. Costantini, Public Member

The Reverend George H. Greer, Public Member

Please note the change in Board members after June 30, 2014:

Katherine H. Glenn, LPCS, Chair

Angela R. McDonald, LPCS, Vice-Chair and Educational Reviewer

David S. King, LPCS, Treasurer

Gwendolyn K. Newsome, LPC, Ethics Chair

Jennifer N. Bressler, LPC

The Reverend George H. Greer, Public Member

Wayne Mixon, Public Member

- |  |       |
|--|-------|
| 1a. The total number of licensees supervised by the board:   | 7153  |
| 2. The number of persons who applied to the board for examination:   | N/A*  |
| 3. The number who were refused examination:  | N/A*  |
| 4. The number who took the examination:  | 576*  |
| * Per 21 NCAC 53 .0305, one of the requirements for licensure is that applicants shall take and pass one of the following examinations: the National Counselor Examination (NCE), the National Clinical Mental Health Counselor Examination (NCMHCE), the Certified Rehabilitation Counselor Examination (CRC), or another examination administered by other state counselor licensing boards and professional counselor credentialing associations if the Board determines that such examinations are equivalent to the NCE, NCMHCE, or CRC. Since the examinations are administered by external sources, the Board does not require applicants to apply to the board for examination and does not refuse examination. Based on licensure application data from 2014-2015, 576 examinations were completed. |       |
| 5. The number to whom initial licenses were issued:  | 1,216 |
| 5a. The number who failed the examination:   | 43**  |
| ** As explained in the note above, examinations are administered by external sources. The Board does not approve or refuse examination. As a result, the Board only receives notification of failed examinations if an applicant indicates to an external source, at the time of exam registration, that they are taking the for the purpose of North Carolina state licensure.  |       |
| 6. The number who applied for license by reciprocity or comity:  | 52    |
| 7. The number who were granted licenses by reciprocity or comity:  | 48*** |
| *** 4 applicants did not meet the endorsement requirements, but were granted licensure through the standard application process  |       |

## North Carolina Board of Licensed Professional Counselors 2014 – 2015

7a. The number of official complaints received involving licensed and unlicensed activities:	52
7b. The number of disciplinary actions taken against licensees, or other actions taken against non-licensees, including injunctive relief:	4
8. The number of licenses suspended or revoked:	8
9. The number of licenses terminated for any reason other than failure to pay the required renewal fee: **** 1 license was voluntarily relinquished based on a Consent Order agreement	1****
10. The substance of any anticipated request by the occupational licensing board to the General Assembly to amend statutes related to the occupational licensing board.	N/A
11. The substance of any anticipated change in rules adopted by the occupational licensing board or the substance of any anticipated adoption of new rules by the occupational licensing board.	N/A

**NORTH CAROLINA BOARD OF LICENSED PROFESSIONAL COUNSELORS**

**Financial Statements and  
Supplemental Schedule for the  
Year Ended June 30, 2015 and  
Independent Auditors' Report**

# **NORTH CAROLINA BOARD OF LICENSED PROFESSIONAL COUNSELORS**

## **Financial Statements and Supplemental Schedule for the Year Ended June 30, 2015 and Independent Auditors' Report**

### **BOARD MEMBERS (2015)**

Katherine H. Glenn, PhD, LPC, Chairperson

Gwendolyn K. Newsome, PhD, LPC, Vice Chairperson

David S. King, PhD, LPC, Secretary-Treasurer

Jennifer N. Bressler, LPC

Arthur F. Costantini, PhD (Public Member)

Reverend George H. Greer, Jr. (Public Member)

Angela R. McDonald, PhD, LPC

### **BOARD ADMINISTRATOR (2015)**

Katrina Brent

### **LEGAL COUNSEL**

North Carolina Department of Justice

# **NORTH CAROLINA BOARD OF LICENSED PROFESSIONAL COUNSELORS**

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# **NORTH CAROLINA BOARD OF LICENSED PROFESSIONAL COUNSELORS**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the Board's financial report represents Management's analysis of the Board's financial performance during the year ended June 30, 2015. Please read it in conjunction with the financial statements which follow this section.

### **Financial Highlights**

During 2015, the Board's net position increased by \$47,701, or 91.8%, due primarily to an increase in Board revenues.

During 2015, the operating revenues of the Board increased by \$129,914, or 30.1%, due primarily to an increase in individual renewal and licensing/application fees.

During 2015, the non-operating revenues of the Board decreased by \$193, or 10.0%, due primarily to a loss on disposition of capital assets.

During 2015, the operating expenses of the Board increased by \$46,354, or 9.9%, due primarily to an increase in contracted management service fees, other contracted services, 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 GASB 34. The Financial Statements also include notes to the financial statements that provide detail of the information included in the 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. 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 PROFESSIONAL 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, 2015	Current Year as of and for the year ended June 30, 2014
Current assets	\$ 669,658	\$ 493,988
Capital assets	8,885	14,653
Other assets	180,409	
Total assets	<u>\$ 858,952</u>	<u>\$ 508,641</u>
Current liabilities	<u>\$ 759,287</u>	<u>\$ 456,677</u>
Total liabilities	<u>\$ 759,287</u>	<u>\$ 456,677</u>
Investment in capital assets	\$ 8,885	\$ 14,653
Unrestricted	90,780	37,311
Total net position	<u>\$ 99,665</u>	<u>\$ 51,964</u>
Operating revenues	\$ 560,920	\$ 431,006
Operating expenses	(514,965)	(468,611)
Operating income	45,955	(37,605)
Non-operating revenues	1,746	1,939
Change in net position	<u>\$ 47,701</u>	<u>\$ (35,666)</u>

### **Events Affecting Future Operations**

The Board has no significant events affecting future operations which are reportable pursuant to GASB 34.

### **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 Professional Counselors, PO Box 77819, Greensboro, NC 27417.



***Shelton L. Hawley, CPA, PA***  
**Certified Public Accountants**

Suite B1  
800 N. Raleigh St.  
P.O. 1545  
Angier, North Carolina 27501-1545

Telephone: (919) 639-4825  
Facsimile: (919) 639-3102

**INDEPENDENT AUDITORS' REPORT**

Members of the Board  
North Carolina Board of Licensed Professional Counselors  
Greensboro, North Carolina

***Report on the Financial Statements***

We have audited the accompanying financial statements and the related notes to the financial statements as listed in the table of contents of the North Carolina Board of Licensed Professional Counselors (the "Board"), an independent state agency which is a nonmajor enterprise fund of the primary government of the State of North Carolina, as of June 30, 2015.

***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.

***Auditors' 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 auditors' 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 auditors consider internal control relevant to the entity's preparation of 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 Professional Counselors as of June 30, 2015, 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 AUDITORS' 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 19, 2015

**NORTH CAROLINA BOARD OF LICENSED PROFESSIONAL COUNSELORS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

	<b>June 30, 2015</b>
	<b>Proprietary- Enterprise Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents (Note 2)	\$ 669,474
Cash in State Treasurer (Note 2)	184
Total current assets	669,658
Capital assets (Note 1):	
Office equipment	8,885
Total capital assets - net of depreciation	8,885
Other assets:	
Investments (Note 2)	180,409
Total other assets	180,409
<b>TOTAL ASSETS</b>	<b>\$ 858,952</b>
<b>LIABILITIES AND NET POSITION</b>	
Current liabilities:	
Accounts payable	\$ 8,478
Due to other state agencies	7,809
Unearned revenue (Note 3)	743,000
Total current liabilities	759,287
<b>TOTAL LIABILITIES</b>	<b>759,287</b>
<b>NET POSITION (NOTE 4)</b>	
Investment in capital assets	8,885
Unrestricted net position	90,780
<b>TOTAL NET POSITION</b>	<b>99,665</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 858,952</b>

See notes to financial statements.

**NORTH CAROLINA BOARD OF LICENSED PROFESSIONAL COUNSELORS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2015**

		<b>2015</b>
		<b>Proprietary- Enterprise Fund</b>
<b>OPERATING REVENUES:</b>		
Individual renewal fees	\$	297,100
Individual licensing/application fees		232,775
Corporate licensing and renewal fees		17,800
Late fees		8,400
Verify fees		825
Other license related fees		1,200
Other revenue		2,820
Total operating revenues	\$	560,920
<b>OPERATING EXPENSES:</b>		
Dues and subscriptions	\$	2,871
Legal services		45,825
Printing		4,000
Depreciation		5,026
Office supplies		4,191
Service agreements and maintenance - office equipment		2,319
Contracted management services - administrative fees (Note 5)		366,270
Contracted services - auditor		6,950
Contracted services - investigations		15,835
Other contracted services		3,333
Bank charges		84
Credit card discount fees		11,648
Telephone/fax		1,749
Postage		5,890
Board meeting and hearing expenses		3,370

See notes to financial statements.

**NORTH CAROLINA BOARD OF LICENSED PROFESSIONAL COUNSELORS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2015**

	<u>2015</u>
	<u>Proprietary- Enterprise Fund</u>
OPERATING EXPENSES (CONTINUED):	
Travel expenses - board members and staff	11,469
Per diem - board members	10,825
Conference registrations - board members and staff (including sponsorship)	2,525
Lodging - board members and staff	7,657
Meals - board members and staff	2,999
Miscellaneous expenses	129
Total operating expenses	<u>\$ 514,965</u>
Operating income (loss)	\$ 45,955
NON-OPERATING REVENUES (EXPENSES):	
Gain (loss) on disposition of capital assets	\$ (602)
Interest income	<u>2,348</u>
Total non-operating revenues	1,746
Change in net position	<u>\$ 47,701</u>
Net position - beginning of year	<u>51,964</u>
Net position - end of year	<u><u>\$ 99,665</u></u>

See notes to financial statements.

**NORTH CAROLINA BOARD OF LICENSED PROFESSIONAL COUNSELORS**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2015**

	<b>2015</b>
	<b>Proprietary- Enterprise Fund</b>
Cash flows from operating activities:	
Cash received from fees and other revenues	\$ 864,520
Cash payments for operating expenses	(461,706)
Net cash provided by operating activities	\$ 402,814
Cash flows from capital and related financing activities:	
Proceeds from disposition of capital assets	\$ 140
Net cash provided by operating activities	\$ 140
Cash flows from investing activities:	
Transfers (to) from investments	\$ (180,409)
Interest on savings	2,348
Net cash provided by investing activities	\$ (178,061)
Net increase in cash	\$ 224,893
Cash - beginning of year	444,765
Cash - end of year	\$ 669,658

See notes to financial statements.

**NORTH CAROLINA BOARD OF LICENSED PROFESSIONAL COUNSELORS**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2015**

	<b>2015</b>
	<b>Proprietary- Enterprise Fund</b>
Reconciliation of operating income	
to net cash provided by operating activities:	
Operating income (loss)	\$ 45,955
Adjustments to reconcile operating income	
to net cash provided by operating activities:	
Depreciation	\$ 5,026
Changes in assets and liabilities:	
Prepaid expenses and other assets	49,223
Accounts payable	(890)
Unearned revenue	303,500
Total adjustments	\$ 356,859
Net cash provided by operating activities	\$ 402,814
Supplemental disclosure(s) of noncash investing, capital, and financing activities:	
Capital asset write-offs	\$ 602

See notes to financial statements.

**NORTH CAROLINA BOARD OF LICENSED PROFESSIONAL COUNSELORS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

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Note 1 - Nature of Activities and Significant Accounting Policies

**Description of Organization**

The North Carolina Board of Licensed Professional Counselors (the "Board") is an independent State agency. It is an occupational licensing board and is authorized by Chapter 90 of the North Carolina General Statutes. 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 professional counselors.

The Board's operations are financed with self-generated revenues from fees charged to examinees and licensees.

**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.

**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.



**NORTH CAROLINA BOARD OF LICENSED PROFESSIONAL COUNSELORS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

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

**Basis of Accounting**

In accordance with *Statement of Governmental Accounting Standards 34*, the Board herewith presents a Statement of Net Position; a Statement of Revenues, Expenses, and Changes in Net Position; and a Statement of Cash Flows. These statements reflect entity-wide operations of the Board. The Board has no fiduciary funds or component units.

The Statement of Revenues, Expenses, and Changes in Net Position demonstrate the degree to which the direct expenses of the Board are offset by license fees.

The financial statements report all activities of the North Carolina Board of Licensed Professional Counselors using the economic resource measurement focus and the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recognized when incurred, if measurable, regardless of timing of cash flows.

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. 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.

**Investments**

This classification consists of certain certificates of deposits held by the Board for investment.

**Fair Value of Financial Instruments**

The carrying amounts of the Board's financial instruments approximate their fair value.

**NORTH CAROLINA BOARD OF LICENSED PROFESSIONAL COUNSELORS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

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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. A summary follows:

	Cost 06-30-14	Acquisitions	Disposals	Cost 06-30-15	Accumulated Depreciation	Net Amount
Office equipment	\$ 63,892	\$ -	\$ 4,137	\$ 59,755	\$ 50,870	\$ 8,885
	<u>\$ 63,892</u>	<u>\$ -</u>	<u>\$ 4,137</u>	<u>\$ 59,755</u>	<u>\$ 50,870</u>	<u>\$ 8,885</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 \$5,026 for the fiscal year ended June 30, 2015.

**Income Taxes**

The Board is a nonmajor enterprise fund of the primary government of the State of North Carolina and is exempt from federal and state income taxes.

**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 policies regarding custodial credit risk for deposits.

At June 30, 2015, the Board's deposits in banks had a carrying amount (including undeposited receipts) of \$849,883 and a bank balance of \$841,444, of which \$430,409 was covered by federal depository insurance, and \$411,035 was uninsured and uncollateralized [unless collateralized pursuant to NC Administrative Code (20 NCAC 7), however, the Board is currently working to deposit monies into multiple bank accounts towards the goal of securing additional FDIC coverage. Certificates of deposit in the amount of \$180,409 are considered time deposits for this disclosure and are classified as investments on the Statement of Net Position.

**NORTH CAROLINA BOARD OF LICENSED PROFESSIONAL COUNSELORS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

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Note 2 - Deposits and Investments (Continued)

**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](http://www.ncosc.net), and clicking on "Financial Reports", or calling the State Controller's Financial Reporting Section at (919) 707-0500.

At June 30, 2015, the Board's deposits with the State Treasurer STIF account had a carrying value, fair market value and a bank balance of \$184.

**Investments**

At June 30, 2015, the Board had the following investments and maturities.

<b>Investment Type</b>	<b>Fair Value</b>	<b>3-12 Months</b>	<b>Over 12 Months</b>
Certificate of Deposit	\$ 45,102	\$	\$ 45,102
Certificate of Deposit	45,102		45,102
Certificate of Deposit	45,102		45,102
Certificate of Deposit	45,103		45,103
Total	<u>\$ 180,409</u>	<u>\$ 0</u>	<u>\$ 180,409</u>

**Risk Disclosures**

**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 money market mutual funds.

**Custodial credit risk** - 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 policies regarding custodial credit risk for deposits. Federal depository insurance is discussed in the preceding section.

**NORTH CAROLINA BOARD OF LICENSED PROFESSIONAL COUNSELORS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

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Note 2 - Deposits and Investments (Continued)

**Reconciliation of Deposits and Investments**

A reconciliation of deposits and investments for the Board to the basic financial statements at June 30, 2015 is as follows:

	<u>June 30, 2015</u>
Carrying Amount of Bank Deposits	\$ 669,474
Cash in State Treasurer	184
Certificates of Deposits	180,409
Total Deposits and Investments	<u>\$ 850,067</u>
Current:	
Cash and Cash Equivalents	\$ 669,474
Cash in State Treasurer	184
Noncurrent:	
Investments	180,409
Total Deposits and Investments	<u>\$ 850,067</u>

Note 3 - 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.

Note 4 - 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*.

**NORTH CAROLINA BOARD OF LICENSED PROFESSIONAL COUNSELORS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

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Note 5 - Contracted Management Services

The Board does not have employees. The Board contracted with management services 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 \$383,672 during the fiscal year ended June 30, 2015. The Board changed to a different management service effective July 1, 2014. Of the total amount paid, \$21,484 was paid to the prior management service and \$362,188 was paid to the current management service.

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 (if applicable); and natural disasters. These exposures to loss are handled by participation in certain state-administered risk programs and self retention of certain risks. The Board has not purchased any commercial insurance 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.

Note 8 - Subsequent Events

Subsequent events have been evaluated through October 19, 2015, 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.

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This audit required 78 audit hours at a cost of \$6,495.

**NORTH CAROLINA BOARD OF LICENSED PROFESSIONAL COUNSELORS**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS - MODIFIED CASH BASIS**  
**YEAR ENDED JUNE 30, 2015**

		<b>2015</b>
		<b>Proprietary- Enterprise Fund</b>
<b>RECEIPTS:</b>		
Individual renewal fees	\$	600,700
Individual licensing/application fees		232,775
Corporate licensing and renewal fees		17,825
Late fees		8,400
Verify fees		825
Other license related fees		1,200
Interest income		2,348
Proceeds from disposition of capital assets		140
Other income		2,795
		<hr/>
Total receipts	\$	867,008
<b>DISBURSEMENTS:</b>		
Dues and subscriptions	\$	2,033
Legal services		45,772
Printing		3,948
Office supplies		4,148
Service agreements and maintenance - office equipment		2,117
Contracted management services - administrative fees		320,783
Contracted services - auditor		6,950
Contracted services - investigations		15,835
Other contracted services		3,333
Bank charges		84
Credit card discount fees		8,841

See auditors' report on supplemental information.

**NORTH CAROLINA BOARD OF LICENSED PROFESSIONAL COUNSELORS**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS - MODIFIED CASH BASIS**  
**YEAR ENDED JUNE 30, 2015**

	<u>2015</u>
	<u>Proprietary- Enterprise Fund</u>
DISBURSEMENTS (CONTINUED):	
Telephone/fax	1,749
Postage	5,481
Board meeting and hearing expenses	3,424
Travel expenses - board members and staff	11,469
Per diem - board members	10,825
Conference registrations - board members and staff (including sponsorship)	2,525
Lodging - board members and staff	7,137
Meals - board members and staff	2,767
SBI fees paid out (less SBI fees collected)	2,356
Miscellaneous expenses	129
Total disbursements	<u>\$ 461,706</u>
Receipts over (under) disbursements	\$ 405,302
Change in cash	<u>\$ 405,302</u>
Cash and investments - beginning of year	<u>444,765</u>
Cash and investments - end of year	<u><u>\$ 850,067</u></u>

See auditors' report on supplemental information.