

NORTH CAROLINA BOARD OF LICENSED PROFESSIONAL COUNSELORS

**Financial Statements and
Supplemental Schedule for the
Year Ended June 30, 2018 and
Independent Auditor's Report**

NORTH CAROLINA BOARD OF LICENSED PROFESSIONAL COUNSELORS

Financial Statements and Supplemental Schedule for the Year Ended June 30, 2018 and Independent Auditor's Report

BOARD MEMBERS (2018)

Luke Wayne Mixon, Jr., MBA, Chairperson

Denauvo Robinson, EdD, LPCS, Vice Chairperson

Reverend George H. Greer, Jr., Secretary-Treasurer (Public Member)

Charles Wentz, MA, NCC, LPCS

Katherine H. Glenn, PhD, LPCS

Michael Brooks, PhD, LPCS

Kyla M. Kurian, PhD, NCC, LPC

BOARD ADMINISTRATOR (2018)

Stefon Plummer

LEGAL COUNSEL

Sondra Panico, 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, 2018. Please read it in conjunction with the financial statements which follow this section.

Financial Highlights

During 2018, the Board's net position increased by \$410,569, or 44.25%, due primarily to annually recurring revenues in excess of expenses.

During 2018, the operating revenues of the Board increased by \$69,828, or 7.01%, due primarily to an increase in individual licensing fees revenue.

During 2018, the non-operating revenues of the Board increased by \$5,893, or 60.63%, due primarily to an increase in deposits and investments on hand.

During 2018, the operating expenses of the Board increased by \$175,468, or 35.42%, due primarily to an increase in contracted management services, computer support expense, printing, postage, and credit card discount/processing 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 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, 2018	Current Year as of and for the year ended June 30, 2017
Current assets	\$ 1,172,246	\$ 1,266,737
Capital assets	4,088	5,364
Other assets	1,313,081	706,305
Total assets	<u>\$ 2,489,415</u>	<u>\$ 1,978,406</u>
Current liabilities	<u>\$ 1,151,008</u>	<u>\$ 1,050,568</u>
Total liabilities	<u>\$ 1,151,008</u>	<u>\$ 1,050,568</u>
Investment in capital assets	\$ 4,088	\$ 5,364
Unrestricted	1,334,319	922,474
Total net position	<u>\$ 1,338,407</u>	<u>\$ 927,838</u>
Operating revenues	\$ 1,065,870	\$ 996,042
Operating expenses	(670,913)	(495,445)
Operating income	394,957	500,597
Non-operating revenues	15,612	9,719
Change in net position	<u>\$ 410,569</u>	<u>\$ 510,316</u>

NORTH CAROLINA BOARD OF LICENSED PROFESSIONAL COUNSELORS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis

Net position is an indicator of the fiscal health of the Board. Assets exceeded liabilities by \$1,338,407 for the year ended June 30, 2018. The largest component of net position was cash and investments. Cash and investments represented 184.97% of total net position. The following is a summary of the Statements of Net Position.

	Current Year as of June 30, 2018	Current Year as of June 30 2017	Amount of Change	Percentage Change
Current assets	\$ 1,172,246	\$ 1,266,737	\$ (94,491)	-7.46%
Capital assets	4,088	5,364	(1,276)	-23.79%
Other assets	1,313,081	706,305	606,776	85.91%
Total assets	<u>\$ 2,489,415</u>	<u>\$ 1,978,406</u>	<u>\$ 511,009</u>	<u>25.83%</u>
Current liabilities	\$ 1,151,008	\$ 1,050,568	\$ 100,440	9.56%
Total liabilities	<u>\$ 1,151,008</u>	<u>\$ 1,050,568</u>	<u>\$ 100,440</u>	<u>9.56%</u>
Invested in capital assets	\$ 4,088	\$ 5,364	\$ (1,276)	-23.79%
Unrestricted	1,334,319	922,474	411,845	44.65%
Total net position	<u>\$ 1,338,407</u>	<u>\$ 927,838</u>	<u>\$ 410,569</u>	<u>44.25%</u>

The following is a summary of the Statements of Revenues, Expenses, and Changes in Net Position.

	The year ended June 30, 2018	The year ended June 30, 2017	Amount of Change	Percentage Change
Operating revenues	\$ 1,065,870	\$ 996,042	\$ 69,828	7.01%
Operating expenses	(670,913)	(495,445)	(175,468)	35.42%
Non-operating revenues	15,612	9,719	5,893	60.63%
Change in net position	<u>\$ 410,569</u>	<u>\$ 510,316</u>	<u>\$ (99,747)</u>	<u>-19.55%</u>
Ending net position	<u>1,338,407</u>	<u>\$ 927,838</u>	<u>\$ 410,569</u>	<u>44.25%</u>

NORTH CAROLINA BOARD OF LICENSED PROFESSIONAL COUNSELORS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a breakdown of operating revenues by source.

	The year ended June 30, 2018	The year ended June 30, 2017	Amount of Change	Percentage Change
Individual renewal fees	\$ 696,535	\$ 667,640	\$ 28,895	4.33%
Individual licensing/application fees	327,000	294,900	32,100	10.89%
Corporate licensing/renewal fees	26,135	19,065	7,070	37.08%
Late fees	6,600	10,830	(4,230)	-39.06%
Verify fees	1,400	700	700	100.00%
Other license related fees	2,355	1,220	1,135	93.03%
Other revenues	5,845	1,687	4,158	246.47%
Total	<u>\$ 1,065,870</u>	<u>\$ 996,042</u>	<u>\$ 69,828</u>	<u>7.01%</u>

The following is a breakdown of non-operating revenues by source.

	The year ended June 30, 2018	The year ended June 30, 2017	Amount of Change	Percentage Change
Interest income	\$ 15,286	\$ 9,719	\$ 5,567	57.28%
Gain on disposition of capital assets	326		326	100.00%
Total	<u>\$ 15,612</u>	<u>\$ 9,719</u>	<u>\$ 5,893</u>	<u>60.63%</u>

Events Affecting Future Operations

A committee appointed by the North Carolina Legislature, The Joint Legislative Administrative Procedure Oversight Committee, has been performing a study concerning the deregulation, elimination and consolidation of occupational licensing boards in the State of North Carolina. The effect of any resulting legislation on the Board's operations in future years is not certain at this time.

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. Box 1545
Angier, North Carolina 27501-1545

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

INDEPENDENT AUDITOR'S 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 of the North Carolina Board of Licensed Professional 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, 2018, 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 Professional Counselors as of June 30, 2018, 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 23, 2018

NORTH CAROLINA BOARD OF LICENSED PROFESSIONAL COUNSELORS
STATEMENT OF NET POSITION
JUNE 30, 2018

	June 30, 2018
	Proprietary- Enterprise Fund
ASSETS	
Current assets:	
Cash and cash equivalents (Note 2)	\$ 1,170,523
Cash in State Treasurer (Note 2)	190
Accrued interest receivable (on money market account)	108
Prepaid expense	1,425
Total current assets	1,172,246
Capital assets (Notes 1 and 3):	
Office equipment - net of depreciation	4,088
Total capital assets - net of depreciation	4,088
Other assets:	
Investments (Note 2)	1,304,920
Accrued interest receivable (on investments)	8,161
Total other assets	1,313,081
TOTAL ASSETS	\$ 2,489,415
LIABILITIES AND NET POSITION	
Current liabilities:	
Accounts payable (Note 4)	\$ 23,035
Due to other state agencies (Note 4)	10,735
Unearned revenue (Note 1)	1,117,238
Total current liabilities	1,151,008
TOTAL LIABILITIES	1,151,008
NET POSITION (NOTE 1)	
Investment in capital assets	4,088
Unrestricted net position	1,334,319
TOTAL NET POSITION	1,338,407
TOTAL LIABILITIES AND NET POSITION	\$ 2,489,415

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, 2018

	2018
	Proprietary- Enterprise Fund
OPERATING REVENUES:	
Fees, licenses, and fines:	
Individual renewal fees	\$ 696,535
Individual licensing/application fees	327,000
Corporate licensing and renewal fees	26,135
Late fees	6,600
Verify fees	1,400
Other license related fees	2,355
Other operating revenue	5,845
Total operating revenues	\$ 1,065,870
OPERATING EXPENSES:	
Personal services (and board members expenses):	
Per diem - board members	\$ 8,297
Supplies and materials:	
Office supplies	5,218
Services:	
Contracted management services - administrative fees (Note 5)	412,810
Legal services	64,282
Contracted services - auditor and accounting	7,895
Computer support and maintenance	13,750
Travel expenses - board members and staff	8,822
Lodging - board members and staff	9,052
Meals - board members and staff	5,276
Printing	6,388
Postage	14,979
Telephone/fax	852
Conference registrations - board members and staff (including sponsorships)	3,843
Board meeting and hearing expenses	1,287

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, 2018

	2018
	Proprietary- Enterprise Fund
OPERATING EXPENSES (CONTINUED):	
Bank charges	111
Credit card discount fees	43,056
Contracted services - investigations	32,197
Other contracted services	12,000
Depreciation	1,276
Insurance (Note 6)	3,014
Other expenses:	
Service agreements and maintenance - office equipment	5,756
Dues and subscriptions	10,697
Miscellaneous expenses	55
Total operating expenses	<u>\$ 670,913</u>
Operating income (loss)	\$ 394,957
NON-OPERATING REVENUES (EXPENSES):	
Interest income	\$ 15,286
Gain (loss) on disposition of capital assets	<u>326</u>
Total non-operating revenues	\$ 15,612
Change in net position	<u>\$ 410,569</u>
Net position - beginning of year	<u>927,838</u>
Net position - end of year	<u><u>\$ 1,338,407</u></u>

See notes to financial statements.

NORTH CAROLINA BOARD OF LICENSED PROFESSIONAL COUNSELORS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018

	2018
	Proprietary- Enterprise Fund
Cash flows from operating activities:	
Cash received from fees and other revenues	\$ 1,151,699
Cash payments for operating expenses	(655,451)
Net cash provided by operating activities	\$ 496,248
Cash flows from capital and related financing activities:	
Proceeds from disposition of capital assets	\$ 326
Net cash provided (used) by operating activities	\$ 326
Cash flows from investing activities:	
Transfers (to) from investments	\$ (603,233)
Interest on savings	11,720
Net cash provided by investing activities	\$ (591,513)
Net increase in cash	\$ (94,939)
Cash - beginning of year	1,265,652
Cash - end of year	\$ 1,170,713

See notes to financial statements.

NORTH CAROLINA BOARD OF LICENSED PROFESSIONAL COUNSELORS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018

	2018
	Proprietary- Enterprise Fund
Reconciliation of operating income	
to net cash provided by operating activities:	
Operating income (loss)	\$ 394,957
Adjustments to reconcile operating income	
to net cash provided by operating activities:	
Depreciation	\$ 1,276
Changes in assets and liabilities:	
Prepaid expense	(425)
Accounts payable and accrued liabilities	15,109
Unearned revenue	85,331
Total adjustments	\$ 101,291
Net cash provided by operating activities	\$ 496,248

See notes to financial statements.

**NORTH CAROLINA BOARD OF LICENSED PROFESSIONAL COUNSELORS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1 - Nature of Activities and Significant Accounting Policies

Description of Organization and Purpose

The North Carolina Board of Licensed Professional 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. 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.

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 PROFESSIONAL COUNSELORS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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 consulting services and commercial insurance.

NORTH CAROLINA BOARD OF LICENSED PROFESSIONAL COUNSELORS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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 PROFESSIONAL COUNSELORS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note 2 - Deposits and Investments (Continued)

At June 30, 2018, the Board's deposits in banks had a carrying amount (including undeposited receipts, if any) of \$2,475,443 and a bank balance of \$2,487,748, of which \$1,300,000 was covered by federal depository insurance, and \$1,187,748 was uninsured and uncollateralized [unless collateralized pursuant to NC Administrative Code (20 NCAC 7)]. Certificates of deposit in the amount of \$1,304,920 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, 2018, the Board's deposits with the State Treasurer STIF account had a carrying value, fair market value and a bank balance of \$190.

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 PROFESSIONAL COUNSELORS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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, 2018, for the Board's investments.

Investment Type	Fair Value	Properties of Debt Securities	
		Weighted Average Maturities	Ratings
Securities:			
Certificates of Deposit	\$ 1,304,920	24.3 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, 2018 is as follows:

	June 30, 2018
Carrying Amount of Bank Deposits	\$ 1,170,523
Cash in State Treasurer	190
Certificates of Deposits	1,304,920
Total Deposits and Investments	<u>\$ 2,475,633</u>
Current:	
Cash and Cash Equivalents	\$ 1,170,523
Cash in State Treasurer	190
Noncurrent:	
Investments	1,304,920
Total Deposits and Investments	<u>\$ 2,475,633</u>

Note 3- Capital Assets

Changes in capital assets as of and for the year ended June 30, 2018 is as follows:

	Cost 06-30-17	Acquisitions	Disposals	Cost 06-30-18	Accumulated Depreciation	Net Amount
Office equipment	\$ 65,195	\$ -	\$ -	\$ 65,195	\$ 61,107	\$ 4,088
	<u>\$ 65,195</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 65,195</u>	<u>\$ 61,107</u>	<u>\$ 4,088</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 \$1,276 for the fiscal year ended June 30, 2018.

NORTH CAROLINA BOARD OF LICENSED PROFESSIONAL COUNSELORS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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.

		<u>June 30, 2018</u>
Due to Vendors	\$	23,035
Due to Other State Agencies		<u>10,735</u>
Total Accounts Payable	\$	<u><u>33,770</u></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 \$458,747 during the fiscal year ended June 30, 2018.

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 coverage is provided by the Board through the purchase of excess Director's and Officer's Liability (\$3,000,000) coverage and Employment Practices (\$3,000,000) coverage with a private insurance carrier.

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 PROFESSIONAL COUNSELORS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note 8- Subsequent Events

Subsequent events have been evaluated through October 23, 2018, 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.

Note 9- North Carolina Legislative Statutory Disclosure Requirement Concerning Audit Fees

This audit required 95 audit hours at a cost of \$9,995.

NORTH CAROLINA BOARD OF LICENSED PROFESSIONAL COUNSELORS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS - MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2018

		2018
		Proprietary- Enterprise Fund
RECEIPTS:		
Individual renewal fees	\$	777,395
Individual licensing/application fees		327,000
Corporate licensing and renewal fees		29,300
Late fees		6,600
Verify fees		1,400
Other license related fees		2,355
Interest income		11,720
Proceeds from disposition of capital assets		326
Other income		7,649
Total receipts	\$	1,163,745
DISBURSEMENTS:		
Dues and subscriptions	\$	10,870
Legal services		63,974
Printing		8,621
Office supplies		4,903
Service agreements and maintenance - office equipment		5,215
Contracted management services - administrative fees		412,810
Contracted services - auditor and accounting		7,395
Contracted services - investigations		34,226
Other contracted services		13,000
Computer support and maintenance		13,750
Bank charges		111
Credit card discount fees		28,273

See auditor's report on supplementary information.

NORTH CAROLINA BOARD OF LICENSED PROFESSIONAL COUNSELORS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS - MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2018

	2018
	Proprietary- Enterprise Fund
DISBURSEMENTS (CONTINUED):	
Telephone/fax	824
Postage	11,791
Insurance	3,439
Board meeting and hearing expenses	1,287
Travel expenses - board members and staff	8,535
Per diem - board members	8,231
Conference registrations - board members and staff (including sponsorship)	3,843
Lodging - board members and staff	9,052
Meals - board members and staff	5,246
Miscellaneous expenses	55
Total disbursements	<u>\$ 655,451</u>
Receipts over (under) disbursements	508,294
Change in cash	<u>\$ 508,294</u>
Cash and investments - beginning of year	<u>1,967,339</u>
Cash and investments - end of year	<u><u>\$ 2,475,633</u></u>

See auditor's report on supplementary information.