

NORTH CAROLINA BOARD OF EXAMINERS
FOR ENGINEERS AND SURVEYORS

FINANCIAL STATEMENTS

YEARS ENDED NOVEMBER 30, 2014 AND 2013



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NORTH CAROLINA BOARD OF EXAMINERS FOR ENGINEERS AND SURVEYORS
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NORTH CAROLINA BOARD OF EXAMINERS FOR ENGINEERS AND SURVEYORS
Management's Discussion and Analysis
For the Fiscal Year Ended November 30, 2014

The following is a discussion and analysis of the North Carolina Board of Examiners for Engineers and Surveyors' (the "Board") financial performance for the year ended November 30, 2014. The following financial statements and footnotes comprise our complete set of financial information. The Management's Discussion and Analysis identifies significant transactions that have financial impact and highlights favorable and unfavorable trends. Comparative data for the current year and the previous year are presented in the analysis.

Financial Highlights

Overall operating revenues of the Board decreased by \$144,739, or approximately 5%, due primarily to a decrease in exam fees as a result of a change in processing exam fees whereby approved applicants began paying exam fees directly to NCEES instead of the Board.

Overall operating expenses of the Board decreased by \$120,504, or approximately 5%, due primarily to the change in processing exam fees noted above which resulted in a decrease in exam fees remitted to NCEES. Decreases were also noted in employee insurance (due to a rate reduction), bankcard fees (due to renegotiation), printing, and office remodeling expenses, which were offset somewhat by notable increases in depreciation and legal fees.

Overview of the Basic Financial Statements

This discussion and analysis is an introduction to the Board's basic financial statements, which are comprised of the following components: 1) Statements of Net Position, 2) Statements of Revenues, Expenses and Changes in Net Position, 3) Statements of Cash Flows, and 4) Notes to Financial Statements. These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

Basic Financial Statements

The basic 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 Statements of Net Position present the current and noncurrent portions of assets and liabilities separately.

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

The Statements of Cash Flows present information on how the Board's cash changed as a result of the year's activity.

NORTH CAROLINA BOARD OF EXAMINERS FOR ENGINEERS AND SURVEYORS
Management's Discussion and Analysis
For the Fiscal Year Ended November 30, 2014

Basic Financial Statements (Continued)

The following presents condensed financial information for Board operations at November 30:

	2014	2013	(Restated) 2012
Assets:			
Current assets	\$ 1,489,444	\$ 1,152,658	\$ 960,152
Capital assets - net of depreciation	179,163	246,147	184,089
Total assets	1,668,607	1,398,805	1,144,241
 Total liabilities	 261,726	 264,077	 305,019
Net position:			
Net investment in capital assets	179,163	246,147	115,689
Unrestricted	1,227,718	888,581	723,533
Total net position	\$ 1,406,881	\$ 1,134,728	\$ 839,222
 Operating revenues	 \$ 2,668,735	 \$ 2,813,474	 \$ 2,810,512
Operating expenses	2,398,763	2,519,267	2,503,053
Operating income	269,972	294,207	307,459
Non-operating revenues	2,181	1,299	1,817
Changes in net position	\$ 272,153	\$ 295,506	\$ 309,276

A comparison of budget to actual operations is presented on page 15. Actual revenues collected exceeded budget expectations by .7%. Exam fee revenue was below budget by almost 11% or (\$28,260) when the Board stopped collecting these fees in August 2014 as NCEES became the clearinghouse for the payment of all future exam fees. This decrease was offset by licensing fee revenue exceeding budget by 2% or \$47,650 driven mainly by continued growth in renewal fee collections (over budget by 1.4%, or \$30,475).

Expenses came in under budget projections by 9% or \$237,464. Although legal fees incurred were more than three times the budgeted amount, as several cases continued to require the time and expertise of outside counsel, this amount was mitigated somewhat by \$175,000 earmarked for digital improvements to the office filing systems that remained unspent as the investigation and assessment of vendors, methodologies and pricing took longer than anticipated.

Office and board expenses were under budget by 28.8% or \$218,084. Some contributing factors included: 1) renegotiated bankcard fees produced expenditures reflecting a reduction of 26.7% or \$20,954 from budget projections; 2) board member travel and subsistence budgeted at \$88,000 in total reflected only \$58,607 spent (under budget by 33.4% or \$29,393) as one Public Member spot remained vacant for half the year and not all out-of-state meetings were attended by all members; and 3) certificate ceremonies for Raleigh and Charlotte venues, budgeted at a total of \$10,000, actually generated an expense of only \$2,181 (under budget by 78% or \$7,819) when the Raleigh ceremony was canceled due to adverse weather conditions.

NORTH CAROLINA BOARD OF EXAMINERS FOR ENGINEERS AND SURVEYORS
Management's Discussion and Analysis
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Events Affecting Future Operations

The Board is moving toward replacing its current database and website (now two independently-operated systems) with a combined system that ties the database to the website and also integrates the financial system. The new database will also incorporate a paperless application process and tie in with the NCEES CBT programs being implemented. At this time the Board has received three proposals that range from \$400,000 to \$800,000. The Board is anticipating moving forward with this project in fiscal year ending November 30, 2016.

Contacting the Board's Financial 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 funds it receives and expends. If you have questions or require additional information, please contact the North Carolina Board of Examiners for Engineers and Surveyors, 4601 Six Forks Road, Suite 310, Raleigh, NC 27609.

Independent Auditor's Report

Members of the Board
North Carolina Board of Examiners for Engineers and Surveyors
Raleigh, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the North Carolina Board of Examiners for Engineers and Surveyors (the "Board"), which comprise the statements of net position as of November 30, 2014 and 2013, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 basic financial statements.

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

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the North Carolina Board of Examiners for Engineers and Surveyors as of November 30, 2014 and 2013, and its changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, these financial statements are presented only for the North Carolina Board of Examiners for Engineers and Surveyors and do not purport to and do not present fairly the financial position of the State of North Carolina as of November 30, 2014 and 2013, nor the changes in its financial position and its cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 1-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Statements of Revenues, Expenses, and Changes in Net Position - Actual and Budget ("supplementary information") on page 15 is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management. Such information, except for that portion marked "unaudited", has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Bernard Robinson & Company, L.L.P.

Raleigh, North Carolina
May 21, 2015

NORTH CAROLINA BOARD OF EXAMINERS FOR ENGINEERS AND SURVEYORS
Statements of Net Position
November 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS:		
Current assets:		
Cash	\$ 662,999	\$ 582,733
Investments	797,048	545,254
Prepaid expenses	13,818	12,497
Prepaid rent	11,853	8,448
Other assets	3,726	3,726
Total current assets	<u>1,489,444</u>	<u>1,152,658</u>
Capital assets:		
Property and equipment	634,983	628,403
Leasehold improvements	113,382	113,382
Less accumulated depreciation	(569,202)	(495,638)
Total capital assets - net of depreciation	<u>179,163</u>	<u>246,147</u>
Total assets	<u>1,668,607</u>	<u>1,398,805</u>
LIABILITIES:		
Current liabilities:		
Accounts payable	-	7,648
Payroll liabilities	9,276	6,679
Unearned revenue	132,450	129,750
Total current liabilities	<u>141,726</u>	<u>144,077</u>
Non-current liability:		
Compensated absences	<u>120,000</u>	<u>120,000</u>
Total liabilities	<u>261,726</u>	<u>264,077</u>
NET POSITION:		
Net investment in capital assets	179,163	246,147
Unrestricted	<u>1,227,718</u>	<u>888,581</u>
Total net position	<u>\$ 1,406,881</u>	<u>\$ 1,134,728</u>

NORTH CAROLINA BOARD OF EXAMINERS FOR ENGINEERS AND SURVEYORS
Statements of Revenues, Expenses and Changes in Net Position
Years Ended November 30, 2014 and 2013

	2014	2013
Operating revenues:		
Renewal fees	\$ 2,254,300	\$ 2,223,825
Application fees	171,250	174,300
Exam fees	234,240	412,425
Certification fees	6,400	-
Miscellaneous	2,545	2,924
Total operating revenues	2,668,735	2,813,474
Operating expenses:		
Salaries and wages	1,085,899	1,080,167
Payroll taxes	80,587	76,122
Retirement contributions and administration	66,400	61,759
Hospital and disability insurance	194,933	212,589
Staff development and training	4,518	5,553
Insurance and bonding	6,649	6,614
Office rent	194,355	191,209
Telephone	11,273	11,578
Office supplies	33,218	38,526
Depreciation	73,564	53,020
Printing	7,304	22,337
Postage	24,702	25,378
Credit and bankcard fees	57,546	77,498
Travel-board members	36,406	36,926
Travel and other-staff	37,514	34,979
Board members per diem	22,200	20,800
Examination costs	260,450	361,925
Certificate ceremonies	2,181	8,597
Contracted services	58,467	62,298
Legal, accounting, and audit fees	94,283	76,212
Computer services	6,680	4,019
Equipment, rental, and maintenance	19,038	15,039
Miscellaneous	10,786	10,930
Dues and subscriptions	9,810	9,684
Office remodel	-	15,508
Total operating expenses	2,398,763	2,519,267
Operating income	269,972	294,207
Non-operating revenues (expenses):		
Interest income	2,040	3,021
Realized and unrealized gains (losses) on investments	141	(605)
Loss on disposal of capital assets	-	(1,117)
Total non-operating revenues	2,181	1,299
Changes in net position	272,153	295,506
Net position - beginning of year	1,134,728	839,222
Net position - end of year	\$ 1,406,881	\$ 1,134,728

NORTH CAROLINA BOARD OF EXAMINERS FOR ENGINEERS AND SURVEYORS
Statements of Cash Flows
Years Ended November 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Cash received from fees	\$ 2,668,890	\$ 2,813,625
Other cash received	2,545	2,924
Cash payments to employees for services	(1,083,302)	(1,059,488)
Cash payments to suppliers of goods and services	(1,141,226)	(1,276,382)
Cash payments for operating expenses	(110,448)	(107,889)
Net cash provided by operating activities	<u>336,459</u>	<u>372,790</u>
Cash flows from investing activities:		
Interest on investments	2,040	2,173
Interest reinvested	(1,653)	-
Realized loss on investments	-	(605)
Purchase of investments	(1,045,000)	-
Proceeds from sales of investments	795,000	-
Net cash provided by (used in) investing activities	<u>(249,613)</u>	<u>1,568</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(6,580)	(116,195)
Payment on capital asset financing	-	(68,400)
Net loss from sale of capital assets	-	(1,117)
Net cash used in capital and related financing activities	<u>(6,580)</u>	<u>(185,712)</u>
Net increase in cash	80,266	188,646
Cash - beginning of year	582,733	394,087
Cash - end of year	<u>\$ 662,999</u>	<u>\$ 582,733</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 269,972	\$ 294,207
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	73,564	53,020
Changes in assets and liabilities:		
Prepaid expenses	(1,321)	1,738
Prepaid rent	(3,405)	(3,398)
Other assets	-	(235)
Accounts payable	(7,648)	3,704
Payroll liabilities	2,597	6,679
Compensated absences	-	14,000
Unearned revenue	2,700	3,075
Total adjustments	<u>66,487</u>	<u>78,583</u>
Net cash provided by operating activities	<u>\$ 336,459</u>	<u>\$ 372,790</u>

NORTH CAROLINA BOARD OF EXAMINERS FOR ENGINEERS AND SURVEYORS

Notes to Financial Statements

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

The North Carolina Board of Examiners for Engineers and Surveyors (the "Board"), is an independent State agency. It is an occupational licensing board and is authorized by Chapters 89C of the North Carolina General Statutes (NCGS). The Board is composed of nine members: four licensed professional engineers, three licensed professional land surveyors and two public members who are neither professional engineers nor professional land surveyors. All members are appointed by the Governor.

The Board's primary responsibilities are to administer the examinations, to grant certificates of qualification as professional engineers and professional land surveyors to qualified persons, to register certified firms, and to enforce all statutes and rules of Chapter 89C and 21 NCAC Chapter 56.

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 (U.S. GAAP), the financial reporting entity includes both the primary government and all of its component units. An organization other than a primary government serves as a nucleus for a reporting entity when it issues separate financial statements. The accompanying financial statements present 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 may be 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 as prescribed by Governmental Accounting Standards Board ("GASB").

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 EXAMINERS FOR ENGINEERS AND SURVEYORS
Notes to Financial Statements

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The basic financial statements of the Board have been prepared using the economic resource measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recognized when a liability has been incurred, regardless of the timing of the cash flows.

The Board classifies its revenues as operating or non-operating in the accompanying Statements of Revenues, Expenses, and Changes in Net Position. Operating revenues and expenses generally result from providing services that are necessary to the Board's principal ongoing operations. Operating revenues include activities that have characteristics of exchange transactions and consist primarily of examination and license fees. Operating expenses are all expense transactions incurred other than those related to capital and non-capital 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 include activities that have characteristics of non-exchange transactions and consist primarily of investing type activities.

Cash and Cash Equivalents

Cash includes cash on deposit and money market accounts with financial institutions. For purposes of the statement of cash flows, the Board considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

Investments consist of money market funds and non-negotiable certificates of deposit held in a brokerage account. Investments are reported at fair value.

Capital Assets

Capital assets are recorded at cost at the date of acquisition. The Board capitalizes assets that have a cost of \$1,000 or greater at the date of acquisition and an expected useful life in excess of two years. Depreciation is computed using the straight-line method over the following useful lives:

Leasehold improvements	10 years
Property and equipment	5-10 years

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 non-operating revenue or expense for the period.

Compensated Absences

Board employees may accumulate up to thirty days earned vacation (except for the Board's Executive Director, who may accumulate up to sixty days) and such leave is fully vested when earned.

NORTH CAROLINA BOARD OF EXAMINERS FOR ENGINEERS AND SURVEYORS

Notes to Financial Statements

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences (Continued)

The Board's sick leave policy provides for an unlimited accumulation of earned sick leave. Since the Board has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been recognized.

Net Position

The Board's net position is classified as follows:

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

Unrestricted Net Assets - This represents assets with no external restriction as to use or purpose. Unrestricted net assets can be employed for any purpose designated by the governing board, as distinguished from funds restricted externally for specific purposes.

Budgetary Practices

Budgets for fiscal years ended November 30, 2014 and 2013, were adopted by the Board. Although budgeted amounts lapse at year-end, the Board retains its unexpended net assets to fund expenses of the succeeding year.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates, resulting in adjustments in future periods.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Board's investments are comprised of certificates of deposit and a money market fund managed by a brokerage firm. At November 30, 2014 and 2013, the investments had a book and market value of \$797,048 and \$545,254, respectively, all of which are expected to mature within the fiscal year ending November 30, 2014.

It is the Board's policy to limit the types of investments to money markets, certificates of deposit and treasury notes.

The Board is subject to the following risks:

Interest rate risk: Interest rate risk is the risk that the Board may face should interest rate variances affect the fair value of investments. The Board minimizes this risk by investing only in certificates of deposit.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

NORTH CAROLINA BOARD OF EXAMINERS FOR ENGINEERS AND SURVEYORS**Notes to Financial Statements**

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

At November 30, 2014, the Board had cash deposits and multiple certificates of deposit investments that exceeded the Federal Depository Insurance Corporation's (FDIC) limits of \$250,000 by \$593,299. The Securities Investor Protection Corporation (SIPC) is a nonprofit membership corporation funded by its member securities broker-dealers. The SIPC insures against the loss or theft of securities as well as the failure or insolvency of the brokerage firm. Also, at November 30, 2014, the Board owned investments that exceeded the SIPC limit of \$500,000 by \$297,048.

NOTE 3 - CAPITAL ASSETS

Changes in capital assets for the Board for the years ended November 30, 2014 and 2013 are as follows:

	Cost 11/30/2013	Additions	Disposals	Cost 11/30/2014
Capital Assets				
Leasehold improvements	\$ 113,382	\$ -	\$ -	\$ 113,382
Property and equipment	628,403	6,580	-	634,983
	<u>741,785</u>	<u>6,580</u>	<u>-</u>	<u>748,365</u>
Less accumulated depreciation for:				
Leasehold improvements	27,850	18,117	-	45,967
Property and equipment	467,788	55,447	-	523,235
Total accumulated depreciation	<u>495,638</u>	<u>73,564</u>	<u>-</u>	<u>569,202</u>
Total capital assets, net	<u>\$ 246,147</u>	<u>\$ (66,984)</u>	<u>\$ -</u>	<u>\$ 179,163</u>
	Cost 11/30/2012	Additions	Disposals	Cost 11/30/2013
Capital Assets				
Leasehold improvements	\$ 103,171	\$ 10,211	\$ -	\$ 113,382
Property and equipment	565,226	105,984	42,807	628,403
	<u>668,397</u>	<u>116,195</u>	<u>42,807</u>	<u>741,785</u>
Less accumulated depreciation for:				
Leasehold improvements	17,406	10,444	-	27,850
Property and equipment	466,902	42,576	41,690	467,788
Total accumulated depreciation	<u>484,308</u>	<u>53,020</u>	<u>41,690</u>	<u>495,638</u>
Total capital assets, net	<u>\$ 184,089</u>	<u>\$ 63,175</u>	<u>\$ 1,117</u>	<u>\$ 246,147</u>

NORTH CAROLINA BOARD OF EXAMINERS FOR ENGINEERS AND SURVEYORS
Notes to Financial Statements

NOTE 4 - COMPENSATED ABSENCES

Changes to accrued compensated absences are as follows:

	<u>2014</u>	<u>2013</u>
Beginning balance	\$ 120,000	\$ 106,000
Increases	83,459	77,915
Decreases	<u>(83,459)</u>	<u>(63,915)</u>
Ending balance	<u>\$ 120,000</u>	<u>\$ 120,000</u>

NOTE 5 - UNEARNED REVENUE

The Board's fees for Professional Engineers (PE) and Land Surveyors (LS) are assessed and collected on a fiscal year basis, corresponding with the Board's accounting period. These license renewal fees are collected beginning December 1 for the fiscal year and therefore there is no unearned revenue related to PE and LS renewals at year end. The Board's Firm renewal fees run from June 1 through May 31 resulting in unearned revenue at November 30, 2014 and 2013 of \$132,450 and \$129,750, respectively.

NOTE 6 - NET POSITION

The Board has reserved a portion of the unrestricted net assets to cover future activities, including \$250,000 for litigation and \$100,000 for projects/office space.

NOTE 7 - OPERATING LEASES

In March 2004, the Board signed an operating lease for new office space. This lease began on September 1, 2004 and expired in August 2009. The Board received four months of free rent totaling \$46,893. The amount of free rent is amortized over the life of the lease. The Board amended the lease in March 2006 adding an additional 1,271 square footage and extended the terms of the lease until June 30, 2016. For the fiscal years ended November 30, 2014 and 2013, total rent expense was \$194,355 and \$191,209, respectively.

Future minimum lease payments are as follows:

<u>Years Ending November 30:</u>	
2015	\$ 202,047
2016	<u>102,362</u>
	<u>\$ 304,409</u>

NORTH CAROLINA BOARD OF EXAMINERS FOR ENGINEERS AND SURVEYORS
Notes to Financial Statements

NOTE 8 - RETIREMENT PLANS

The Board participates in the North Carolina Licensing Boards' Retirement Savings Plan (Plan) which is a multiple employer, cost-sharing defined contribution plan. Participating employees are required to contribute 6% of their gross pay and the Board matches those contributions 100%. Employees may also make voluntary contributions to the plan over their 6% contribution. Employees are eligible to participate in the Plan immediately upon employment. Employees' contributions are immediately vested and the Board's contributions are 100% vested after five years of credited service. The 401(k) Plan is administered by Prudential Insurance Company of America. The Board's contributions for the years ended November 30, 2014 and 2013 totaled \$65,132 and \$60,665, respectively. Employee contributions for the years ended November 30, 2014 and 2013 totaled \$104,872 and \$97,578, respectively.

NOTE 9 - 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. Tort claims of Board members are self-insured by the State under the authority of the State Tort Claims Act. Additional coverage is provided to the Board under the State's public officers' and employees' liability insurance contract with a private insurance company. The Board also protects itself from exposures to loss through the purchase of commercial insurance, of which coverage includes building and contents, commercial liability, workers compensation and employers' liability, and vehicle.

NOTE 10 - SUBSEQUENT EVENTS

Management of the Board evaluated subsequent events through May 21, 2015, which is the date the financial statements were available to be issued. They discovered no subsequent events that should be disclosed.

The Board audit was conducted in approximately 65 hours at a cost of \$8,750.

SUPPLEMENTARY INFORMATION

NORTH CAROLINA BOARD OF EXAMINERS FOR ENGINEERS AND SURVEYORS
Statements of Revenues, Expenses, and Changes in Net Position - Actual and Budget
Years Ended November 30, 2014 and 2013

	2014			2013		
	(Unaudited) Budget	Actual	Over (Under) Budget	(Unaudited) Budget	Actual	Over (Under) Budget
Revenues:						
Examination fees	\$ 262,500	\$ 234,240	\$ (28,260)	\$ 435,000	\$ 412,425	\$ (22,575)
Licensing fees	2,383,300	2,430,950	47,650	2,391,500	2,398,125	6,625
Other	6,600	5,726	(874)	6,600	5,340	(1,260)
Total revenues	<u>2,652,400</u>	<u>2,670,916</u>	<u>18,516</u>	<u>2,833,100</u>	<u>2,815,890</u>	<u>(17,210)</u>
Expenses:						
Personnel	1,445,967	1,431,790	(14,177)	1,438,729	1,434,955	(3,774)
Examination	230,000	260,450	30,450	403,000	361,925	(41,075)
Office and board	756,760	538,676	(218,084)	944,395	593,155	(351,240)
Legal, accounting, and audit	28,500	94,283	65,783	28,600	76,212	47,612
Depreciation	-	73,564	73,564	-	53,020	53,020
Other	-	-	-	-	1,117	1,117
Other- digital improvements	175,000	-	(175,000)	-	-	-
Total expenses	<u>2,636,227</u>	<u>2,398,763</u>	<u>(237,464)</u>	<u>2,814,724</u>	<u>2,520,384</u>	<u>(294,340)</u>
Changes in net position	16,173	272,153	255,980	18,376	295,506	277,130
Net position - beginning of year	<u>1,134,728</u>	<u>1,134,728</u>	<u>-</u>	<u>839,222</u>	<u>839,222</u>	<u>-</u>
Net position - end of year	<u>\$ 1,150,901</u>	<u>\$ 1,406,881</u>	<u>\$ 255,980</u>	<u>\$ 857,598</u>	<u>\$ 1,134,728</u>	<u>\$ 277,130</u>