

NORTH CAROLINA INTERPRETER AND TRANSLITERATOR LICENSING BOARD

**Financial Statements and
Supplemental Schedules for the
Years Ended September 30, 2019 and 2018 and
Independent Auditor's Report**

NORTH CAROLINA INTERPRETER AND TRANSLITERATOR LICENSING BOARD

Financial Statements and Supplemental Schedules for the Years Ended September 30, 2019 and 2018 and Independent Auditor's Report

BOARD MEMBERS (2018-2019)

Jim Sewell, Chairperson

Donnie Dove, Jr., Vice-Chairperson

Pam Smith, Secretary

Emily Pope, Treasurer

Kevin Earp

David Litman

Lauren Pruett

Jaime Staley

Jeff Trader

EXECUTIVE OFFICER (2018-2019)

Caitlin Schwab-Falzone, Board Administrator

LEGAL COUNSEL (2018-2019)

North Carolina Department of Justice

NORTH CAROLINA INTERPRETER AND TRANSLITERATOR LICENSING BOARD

TABLE OF CONTENTS

	<u>Page</u>
MANAGEMENT’S DISCUSSION AND ANALYSIS	1-4
INDEPENDENT AUDITOR’S REPORT	5-6
FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018	
Statements of Net Position	7
Statements of Revenues, Expenses and Changes in Net Position	8-9
Statements of Cash Flows	10
Notes to Financial Statements	11-15
SUPPLEMENTARY INFORMATION YEARS ENDED SEPTEMBER 30, 2019 AND 2018	
Schedules of Receipts and Disbursements - Modified Cash Basis	16

NORTH CAROLINA INTERPRETER AND TRANSLITERATOR LICENSING BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

This section of the Board's financial report represents Management's analysis of the Board's financial performance during the years ended September 30, 2019 and 2018. Please read it in conjunction with the financial statements which follow this section.

Financial Highlights

During 2019, the Board's net position increased by \$14,116 or 11.07%, due primarily to a decrease in expenses. During 2018, the Board's net position decreased by \$20,486 or 13.84%, due primarily to an increase in expenses.

During 2019 the operating revenues of the Board decreased by \$1,946, or 2.09%, due primarily to a decrease in renewal fees. During 2018 the operating revenues of the Board decreased by \$248, or .27%, due primarily to a decrease in initial license fees.

During 2019, the non-operating revenues of the Board increased by \$58, or 7.03%, due to an increased amount of cash on hand. During 2018, the non-operating revenues of the Board decreased by \$15, or 1.79%, due to a decreased amount of cash on hand.

During 2019, the operating expenses of the Board decreased by \$36,490, or 31.84%, due primarily to a decrease in contractual management service fees (which resulted from the transition of the method of calculating the management agency fee, as discussed in Note 5 to the financial statements). During 2018, the operating expenses of the Board increased by \$32,674, or 39.88%, due primarily to an increase in contractual management service fees (which resulted from the transition of the method of calculating the management agency fee, as discussed in Note 5 to the financial statements).

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 Statements of Net Position present the current and long-term 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 its operations. The Statements of Cash Flows present information on how the Board's cash changed as a result of its financial activities.

NORTH CAROLINA INTERPRETER AND TRANSLITERATOR LICENSING BOARD

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 September 30, 2019	Current Year as of and for the year ended September 30, 2018
Current assets	\$ 221,074	\$ 205,518
Capital assets	100	100
Total assets	<u>\$ 221,174</u>	<u>\$ 205,618</u>
Current liabilities	\$ 79,485	\$ 78,045
Total liabilities	<u>\$ 79,485</u>	<u>\$ 78,045</u>
Investment in capital assets	\$ 100	\$ 100
Unrestricted	141,589	127,473
Total net position	<u>\$ 141,689</u>	<u>\$ 127,573</u>
Operating revenues	\$ 91,355	\$ 93,301
Operating expenses	<u>(78,122)</u>	<u>(114,612)</u>
Operating income	13,233	(21,311)
Non-operating revenues	883	825
Change in net position	<u>\$ 14,116</u>	<u>\$ (20,486)</u>

NORTH CAROLINA INTERPRETER AND TRANSLITERATOR LICENSING BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis

Net position is an indicator of the fiscal health of the Board. Assets exceeded liabilities by \$141,689 for the year ended September 30, 2019. The largest component of net position was cash and cash equivalents. Cash and cash equivalents represented 153.37% of total net position. Current assets consist of cash and prepaid expenses. Noncurrent assets consist only of capital assets (net of accumulated depreciation). Capital assets are not a significant component of assets and are denoted below in the comparative summary of the Statements of Net Position. Current liabilities consist of accounts payable and unearned revenue. The Board has no long term liabilities. Net position consists of net assets invested in capital assets and unrestricted net assets. Net investment in capital assets is a component of net position and consists of capital assets net of depreciation. The following is a summary of the Statements of Net Position.

	Current Year as of September 30, 2019	Prior Year as of September 30, 2018	Amount of Change	Percentage Change
Current assets	\$ 221,074	\$ 205,518	\$ 15,556	7.57%
Capital assets	100	100	0	0.00%
Total assets	<u>\$ 221,174</u>	<u>\$ 205,618</u>	<u>\$ 15,556</u>	<u>7.57%</u>
Current liabilities	\$ 79,485	\$ 78,045	\$ 1,440	1.85%
Total liabilities	<u>\$ 79,485</u>	<u>\$ 78,045</u>	<u>\$ 1,440</u>	<u>1.85%</u>
Invested in capital assets	\$ 100	\$ 100	\$ 0	0.00%
Unrestricted	141,589	127,473	14,116	11.07%
Total net position	<u>\$ 141,689</u>	<u>\$ 127,573</u>	<u>\$ 14,116</u>	<u>11.07%</u>

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

	The year ended September 30, 2019	The year ended September 30, 2018	Amount of Change	Percentage Change
Operating revenues	\$ 91,355	\$ 93,301	\$ (1,946)	-2.09%
Operating expenses	(78,122)	(114,612)	36,490	-31.84%
Non-operating revenues	883	825	58	7.03%
Change in net position	<u>\$ 14,116</u>	<u>\$ (20,486)</u>	<u>\$ (34,602)</u>	<u>-168.91%</u>
Ending net position	<u>\$ 141,689</u>	<u>\$ 127,573</u>	<u>\$ 14,116</u>	<u>11.07%</u>

NORTH CAROLINA INTERPRETER AND TRANSLITERATOR LICENSING BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	The year ended September 30, 2019	The year ended September 30, 2018	Amount of Change	Percentage Change
Initial license fees	\$ 14,850	\$ 14,400	\$ 450	3.13%
Renewal fees	73,650	76,500	(2,850)	-3.73%
SBI fingerprinting fees	2,508	2,166	342	15.79%
Other income	347	235	112	47.66%
Total	<u>\$ 91,355</u>	<u>\$ 93,301</u>	<u>\$ (1,946)</u>	<u>-2.09%</u>

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

	The year ended September 30, 2019	The year ended September 30, 2018	Amount of Change	Percentage Change
Interest income	\$ 883	\$ 825	\$ 58	7.03%
Total	<u>\$ 883</u>	<u>\$ 825</u>	<u>\$ 58</u>	<u>7.03%</u>

Events Affecting Future Operations

The Board is not aware of any significant events that may affect future operations of the Board which are reportable pursuant to GASB reporting requirements. The Board anticipates that revenues and expenses of the Board in the upcoming year will be comparable to preceding years.

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: The North Carolina Interpreter and Transliterators Licensing Board, 3801 Lake Boone Trail, Suite 190, Raleigh, NC 27607.

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 Interpreter and Transliterators Licensing Board
Raleigh, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the North Carolina Interpreter and Transliterators Licensing Board (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 years ended September 30, 2019 and 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 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the 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 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 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 Interpreter and Transliterators Licensing Board as of September 30, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (CONCLUDED)

Management's Discussion and Analysis - Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on this supplementary information because the limited procedures do not provide sufficient evidence to express an opinion or provide any assurance thereon.

Other Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Receipts and Disbursements - Modified Cash Basis are presented for purposes of additional analysis and are 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on this 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

November 19, 2019

NORTH CAROLINA INTERPRETER AND TRANSLITERATOR LICENSING BOARD
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2019 AND 2018

	September 30, 2019	September 30, 2018
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 217,149	\$ 201,593
Prepaid expense - management fees (Notes 1 and 5)	3,925	3,925
Total current assets	221,074	205,518
Capital assets (Notes 1 and 3):		
Furniture and office equipment	100	100
Total capital assets - net of depreciation	100	100
TOTAL ASSETS	\$ 221,174	\$ 205,618
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable (Note 4)	\$ 656	\$ 766
Due to other state agencies (Note 4)	2,179	3,154
Unearned revenue (Note 1)	76,650	74,125
Total current liabilities	79,485	78,045
TOTAL LIABILITIES	79,485	78,045
NET POSITION (NOTE 1)		
Investment in capital assets	100	100
Unrestricted net position	141,589	127,473
TOTAL NET POSITION	141,689	127,573
TOTAL LIABILITIES AND NET POSITION	\$ 221,174	\$ 205,618

See notes to financial statements.

NORTH CAROLINA INTERPRETER AND TRANSLITERATOR LICENSING BOARD
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
	<u>Proprietary- Enterprise Fund</u>	<u>Proprietary- Enterprise Fund</u>
OPERATING REVENUES:		
Licenses, fees and fines:		
Initial license fees	\$ 14,850	\$ 14,400
Renewal fees	73,650	76,500
SBI fingerprinting fees	2,508	2,166
Other income	347	235
Total operating revenues	<u>\$ 91,355</u>	<u>\$ 93,301</u>
OPERATING EXPENSES:		
Personal services (and board members expenses):		
Board members expenses (including hearing expenses)	\$ 5,999	\$ 6,651
Supplies and materials:		
Office expenses	1,219	48
Services:		
Contractual management services (including travel) (Note 5)	47,213	83,119
Legal, audit and accounting fees	10,449	13,176
Website expenses	340	300
Printing and copying	651	484
Postage	1,145	1,021
Telephone	360	330
SBI fingerprinting costs	2,508	2,166
Other contracted services - interpreters	8,102	7,105
Depreciation		33
Miscellaneous expenses	136	179
Total operating expenses	<u>\$ 78,122</u>	<u>\$ 114,612</u>
Operating income	\$ 13,233	\$ (21,311)

NORTH CAROLINA INTERPRETER AND TRANSLITERATOR LICENSING BOARD
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
NON- OPERATING REVENUES (EXPENSES):		
Interest income	\$ 883	\$ 825
Total non-operating revenues	\$ 883	\$ 825
Change in net position	\$ 14,116	\$ (20,486)
Net position - beginning of year	\$ 127,573	\$ 148,059
Net position - end of year	<u>\$ 141,689</u>	<u>\$ 127,573</u>

See notes to financial statements.

NORTH CAROLINA INTERPRETER AND TRANSLITERATOR LICENSING BOARD
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
Cash flows from operating activities:		
Cash received from fees and other income	\$ 93,880	\$ 90,026
Cash payments for operating expenses	(79,207)	(107,574)
Net cash provided by operating activities	\$ 14,673	\$ (17,548)
Cash flows from investing activities:		
Interest earned	\$ 883	\$ 825
Net cash provided by investing activities	\$ 883	\$ 825
Net increase in cash	\$ 15,556	\$ (16,723)
Cash - beginning of year	\$ 201,593	\$ 218,316
Cash - end of year	\$ 217,149	\$ 201,593
Reconciliation of operating income		
to net cash provided by operating activities:		
Operating income	\$ 13,233	\$ (21,311)
Adjustments to reconcile operating income		
to net cash provided by operating activities:		
Depreciation	\$	\$ 33
Changes in assets and liabilities:		
Prepaid expense - management fees		38,769
Accounts payable	(1,085)	(31,764)
Unearned revenue	2,525	(3,275)
Total adjustments	\$ 1,440	\$ 3,763
Net cash provided by operating activities	\$ 14,673	\$ (17,548)

See notes to financial statements.

**NORTH CAROLINA INTERPRETER AND TRANSLITERATOR LICENSING BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

Note 1 - Nature of Activities and Significant Accounting Policies

Description of Organization and Purpose

The North Carolina Interpreter and Transliterators Licensing Board (the "Board") is an independent State board. It is an occupational licensing board and is authorized by Chapter 90D of the North Carolina General Statutes. The Board is composed of nine members who are appointed by the Governor and the General Assembly of the State of North Carolina. It 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 interpreters and transliterators.

The Board's operations are financed with self-generated revenues from fees charged to 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 INTERPRETER AND TRANSLITERATOR LICENSING BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2019 AND 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 Statement 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 held by the Board (if any).

Prepaid Expense

This classification includes management agency fees which were prepaid at year end. For the preceding year ended September 30, 2018 those prepaid management fees were related to unearned revenue. See Note 5 for further explanation.

Capital Assets

Capital assets 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.

NORTH CAROLINA INTERPRETER AND TRANSLITERATOR LICENSING BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

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

Unearned Revenue

The Board's fees are assessed and collected on an annual basis for the period October 1 through September 30, which corresponds with the Board's accounting period. License renewal fees received in the latter part of the fiscal year are deferred and recognized as revenue over the one year period to which they relate.

Net Position

Investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation.

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 at year end.

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

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.

At September 30, 2019, the Board's deposits (including undeposited receipts on hand) had a carrying amount of \$217,149 and a bank balance of \$216,933, which was covered by federal depository insurance. At September 30, 2018, the Board's deposits (including undeposited receipts on hand) had a carrying amount of \$201,593 and a bank balance of \$205,001, which was covered by federal depository insurance.

NORTH CAROLINA INTERPRETER AND TRANSLITERATOR LICENSING BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

Note 3 - Capital Assets

Changes in capital assets as of and for the years ended September 30, 2019 and 2018 are as follows:

	Cost 09-30-18	Acquisitions	Disposals	Cost 09-30-19	Accumulated Depreciation	Net Amount
Furniture/Equipment	\$ 934	\$ 0	\$ 0	\$ 934	\$ 834	\$ 100
	\$ 934	\$ 0	\$ 0	\$ 934	\$ 834	\$ 100

	Cost 09-30-17	Acquisitions	Disposals	Cost 09-30-18	Accumulated Depreciation	Net Amount
Furniture/Equipment	\$ 934	\$ 0	\$ 0	\$ 934	\$ 834	\$ 100
	\$ 934	\$ 0	\$ 0	\$ 934	\$ 834	\$ 100

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. There was no depreciation expense for the fiscal year ended September 30, 2019 and there was \$33 depreciation expense for the fiscal year ended September 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.

	September 30, 2019	September 30, 2018
Due to Vendors	\$ 656	\$ 766
Due to Other State Agencies	2,179	3,154
Total Accounts Payable	\$ 2,835	\$ 3,920

Note 5 - Contractual Management Services and Related Prepaid Expense

The Board does not have any employees. The Board contracts with a management consultant service to provide services for the Board. Through November 30, 2017, the management service fee was calculated as a percentage (55%) of certain revenues collected during the fiscal periods. The Board and the management consultant service changed its contract to a fixed monthly contract fee of \$3,925 per month beginning December 1, 2017. The contract(s) included all services related to the process of licensure application and renewal and various other secretarial duties. The Board also reimbursed the management service for printing, copying, postage and miscellaneous office supplies and expenses. Payments to the management service (under the new payment method) totaled \$50,740 during the fiscal year ended September 30, 2019 and \$88,214 (including adjustments for prepaid expense, discussed below) during the fiscal year ended September 30, 2018.

NORTH CAROLINA INTERPRETER AND TRANSLITERATOR LICENSING BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

Note 5 - Contractual Management Services and Related Prepaid Expense (Continued)

Through the period ended November 30, 2017, management fees were calculated as a percentage of certain income collected. When revenue collected during a period was deferred and recognized in a future period, the management fees related to the collection of that unearned revenue was deferred and recognized as expense in that future period that the revenue was recognized. Accordingly, management fees paid and accrued, which related to that unearned income, were recorded as prepaid expense - management fees (an asset) on the Statements of Net Position, and was recognized as expense in the period that the revenue was recognized. The transition period for these two payment methods (percentage of revenues and fixed monthly payment) converged during the current fiscal year ended September 30, 2019. This change in the amount of fees paid from 2018 to 2019 occurred because of the convergence of payment methods.

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. The Board has not purchased any commercial insurance coverage. 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.

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 years under audit do not materially affect the Board's operations, changes in financial position, or cash flows for the years herein ended.

Note 8 - Subsequent Events

Subsequent events have been evaluated through November 19, 2019, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

This audit required 49 audit hours at a cost of \$4,895.

NORTH CAROLINA INTERPRETER AND TRANSLITERATOR LICENSING BOARD
SCHEDULES OF RECEIPTS AND DISBURSEMENTS - MODIFIED CASH BASIS
YEARS ENDED SEPTEMBER 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
	<u>Proprietary- Enterprise Fund</u>	<u>Proprietary- Enterprise Fund</u>
RECEIPTS:		
Initial license fees	\$ 15,300	\$ 13,350
Renewal fees	75,750	74,275
SBI fingerprinting fees	2,508	2,166
Other income	347	235
Interest income	883	825
Total receipts	<u>\$ 94,788</u>	<u>\$ 90,851</u>
DISBURSEMENTS:		
Contractual management services	\$ 47,213	\$ 78,505
Board members expenses (including hearing expenses)	5,341	6,655
SBI fingerprinting costs	2,394	2,546
Other contracted services - interpreters	8,213	6,338
Legal, audit and accounting fees	12,196	10,872
Telephone	360	360
Office supplies	1,219	101
Printing and copying	651	623
Postage	1,145	1,095
Website expenses	340	300
Miscellaneous expenses	160	179
Total disbursements	<u>\$ 79,232</u>	<u>\$ 107,574</u>
Receipts in excess of disbursements	\$ 15,556	\$ (16,723)
Change in cash	<u>\$ 15,556</u>	<u>\$ (16,723)</u>
Cash in bank - beginning of year	<u>201,593</u>	<u>218,316</u>
Cash in bank - end of year	<u><u>\$ 217,149</u></u>	<u><u>\$ 201,593</u></u>