

NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD

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

NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD

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

BOARD MEMBERS (2018-2019)

Chris Rodriguez, LMFT, Chairperson

Tamara Jo Whitten, LMFT, Vice-Chairperson

Connie Harris

Stacey Kolomer

Sandra Vander Linde, LMFT

Kelly McKinnon

Heather Stehberger, LMFT

EXECUTIVE OFFICER

Wanda Nicholson, Executive Director

LEGAL COUNSEL

North Carolina Department of Justice

NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD

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NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE 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 June 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 decreased by \$4,465, or 4.32%, due primarily to a recent recurrence of expenses in excess of revenues. During 2018, the Board's net position decreased by \$13,872, or 11.83%, due primarily to an increase in expenses.

During 2019, the operating revenues of the Board increased by \$4,525, or 3.35%, due primarily to an increase in application and exam fees. During 2018, the operating revenues of the Board increased by \$10,350, or 8.29%, due primarily to an increase in renewal and license fees.

During 2019, the non-operating revenues of the Board decreased by \$2, or 1.34%, due to a slight decrease in interest earnings rates. During 2018, the non-operating revenues of the Board increased by \$3, or 2.05%, due to a slight increase in interest earnings rates.

During 2019, the operating expenses of the Board decreased by \$4,884, or 3.27%, due primarily to a decrease in rent expense and contract services. During 2018, the operating expenses of the Board increased by \$37,824, or 33.94%, due primarily to an increase in board members expenses, contract services, and legal 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 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 MARRIAGE AND FAMILY THERAPY LICENSURE 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 June 30, 2019	Current Year as of and for the year ended June 30, 2018
Current assets	\$ 202,728	\$ 201,056
Capital assets	1,560	2,453
Total assets	<u>\$ 204,288</u>	<u>\$ 203,509</u>
Current liabilities	\$ 105,349	\$ 100,105
Total liabilities	<u>\$ 105,349</u>	<u>\$ 100,105</u>
Investment in capital assets	\$ 1,560	\$ 2,453
Unrestricted	97,379	100,951
Total net position	<u>\$ 98,939</u>	<u>\$ 103,404</u>
Operating revenues	\$ 139,775	\$ 135,250
Operating expenses	<u>(144,387)</u>	<u>(149,271)</u>
Operating income	(4,612)	(14,021)
Non-operating revenues	147	149
Change in net position	<u>\$ (4,465)</u>	<u>\$ (13,872)</u>

NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis

Net position is an indicator of the fiscal health of the Board. Assets exceeded liabilities by \$98,939 for the year ended June 30 2019. The largest component of net position was cash and cash equivalents. Cash and cash equivalents represented 204.85% of total net position. Current assets consist of cash and prepaid expenses. Noncurrent assets consist 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 June 30, 2019	Year as of June 30 2018	Amount of Change	Percentage Change
Current assets	\$ 202,728	\$ 201,056	\$ 1,672	0.83%
Capital assets	1,560	2,453	(893)	-36.40%
Total assets	<u>\$ 204,288</u>	<u>\$ 203,509</u>	<u>\$ 779</u>	<u>0.38%</u>
Current liabilities	\$ 105,349	\$ 100,105	\$ 5,244	5.24%
Total liabilities	<u>\$ 105,349</u>	<u>\$ 100,105</u>	<u>\$ 5,244</u>	<u>5.24%</u>
Invested in capital assets	\$ 1,560	\$ 2,453	\$ (893)	-36.40%
Unrestricted	97,379	100,951	(3,572)	-3.54%
Total net position	<u>\$ 98,939</u>	<u>\$ 103,404</u>	<u>\$ (4,465)</u>	<u>-4.32%</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 June 30, 2019	The year ended June 30, 2018	Amount of Change	Percentage Change
Operating revenues	\$ 139,775	\$ 135,250	\$ 4,525	3.35%
Operating expenses	(144,387)	(149,271)	4,884	-3.27%
Non-operating revenues	147	149	(2)	-1.34%
Change in net position	<u>\$ (4,465)</u>	<u>\$ (13,872)</u>	<u>\$ 9,407</u>	<u>-67.81%</u>
Ending net position	<u>98,939</u>	<u>\$ 103,404</u>	<u>\$ (4,465)</u>	<u>-4.32%</u>

NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE 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 June 30, 2019	The year ended June 30, 2018	Amount of Change	Percentage Change
Application and exam fees	\$ 36,500	\$ 31,750	\$ 4,750	14.96%
Renewals and license fees	100,450	100,375	75	0.07%
Miscellaneous operating income	2,825	3,125	(300)	-9.60%
Total	<u>\$ 139,775</u>	<u>\$ 135,250</u>	<u>\$ 4,525</u>	<u>3.35%</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 June 30, 2019	The year ended June 30, 2018	Amount of Change	Percentage Change
Interest income	\$ 147	\$ 149	\$ (2)	-1.34%
Total	<u>\$ 147</u>	<u>\$ 149</u>	<u>\$ (2)</u>	<u>-1.34%</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: North Carolina Marriage and Family Therapy Licensure Board, 1135 Kildaire Farm Road, Suite 200, Cary, NC 27511.

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INDEPENDENT AUDITOR'S REPORT

Members of the Board
North Carolina Marriage and Family Therapy Licensure Board
Cary, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the North Carolina Marriage and Family Therapy Licensure 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 June 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 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 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 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 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 Marriage and Family Therapy Licensure Board as of June 30, 2019 and 2018, and the results of its operations, 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.

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 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 audits 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 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 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 25, 2019

NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD
STATEMENTS OF NET POSITION
JUNE 30, 2019 AND 2018

	June 30, 2019	June 30, 2018
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 201,678	\$ 200,556
Prepaid expenses (Note 1)	<u>1,050</u>	<u>500</u>
Total current assets	202,728	201,056
Capital assets (Notes 1 and 3):		
Furniture and office equipment	<u>1,560</u>	<u>2,453</u>
Total capital assets - net of depreciation	<u>1,560</u>	<u>2,453</u>
TOTAL ASSETS	<u><u>\$ 204,288</u></u>	<u><u>\$ 203,509</u></u>
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable (Note 4)	\$ 4,331	\$ 6,855
Due to other state agencies (Note 4)	4,968	
Unearned revenue (Note 1)	<u>96,050</u>	<u>93,250</u>
Total current liabilities	105,349	100,105
TOTAL LIABILITIES	<u><u>105,349</u></u>	<u><u>100,105</u></u>
NET POSITION (NOTE 1)		
Investment in capital assets	1,560	2,453
Unrestricted net position	<u>97,379</u>	<u>100,951</u>
TOTAL NET POSITION	<u><u>98,939</u></u>	<u><u>103,404</u></u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 204,288</u></u>	<u><u>\$ 203,509</u></u>

See notes to financial statements.

NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
	<u>Proprietary- Enterprise Fund</u>	<u>Proprietary- Enterprise Fund</u>
OPERATING REVENUES:		
Fees, licenses and fines:		
Application and exam fees	\$ 36,500	\$ 31,750
Renewals and license fees	100,450	100,375
Miscellaneous operating income	<u>2,825</u>	<u>3,125</u>
Total operating revenues	\$ 139,775	\$ 135,250
OPERATING EXPENSES:		
Personal services (and board members expenses):		
Board members expenses (including special meeting expenses)	\$ 18,961	\$ 20,989
Supplies and materials:		
Office supplies and expenses	4,054	4,797
Services:		
Contractual management services (Note 5)	66,000	66,000
Legal fees	25,694	13,455
Audit and accounting fees	8,795	7,495
Internet costs	1,259	1,458
Website expenses	2,749	2,585
Travel - contractual management service		214
Printing and copying	2,147	3,521
Postage	1,261	1,609
Telephone	1,000	1,528
Bank charges	239	232
Deposit processing fees	2,915	2,392
Contracted services (administrative)	3,039	7,631
Contracted services (investigative)		4,844
Maintenance and repairs - office equipment	287	488
Depreciation	893	585

See notes to financial statements.

NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
	<u>Proprietary- Enterprise Fund</u>	<u>Proprietary- Enterprise Fund</u>
OPERATING EXPENSES (CONTINUED):		
Other expenses:		
Office rent (Note 6)	2,901	7,580
Storage space rental	1,693	1,368
Dues	500	500
Total operating expenses	<u>\$ 144,387</u>	<u>\$ 149,271</u>
Operating income (loss)	(4,612)	(14,021)
NON-OPERATING REVENUES (EXPENSES):		
Interest income	<u>\$ 147</u>	<u>\$ 149</u>
Total non-operating revenues	\$ 147	\$ 149
Change in net position	<u>\$ (4,465)</u>	<u>\$ (13,872)</u>
Net position - beginning of year	<u>103,404</u>	<u>117,276</u>
Net position - end of year	<u><u>\$ 98,939</u></u>	<u><u>\$ 103,404</u></u>

See notes to financial statements.

NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
Cash flows from operating activities:		
Cash received from fees and other operating income	\$ 142,575	\$ 137,350
Cash payments for operating expenses	(141,600)	(138,376)
Net cash provided (used) by operating activities	<u>\$ 975</u>	<u>\$ (1,026)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	\$	\$ (2,092)
Net cash provided by investing activities	<u>\$ 0</u>	<u>\$ (2,092)</u>
Cash flows from investing activities:		
Interest earned	\$ 147	\$ 149
Net cash provided by investing activities	<u>\$ 147</u>	<u>\$ 149</u>
Net increase (decrease) in cash	<u>1,122</u>	<u>(2,969)</u>
Cash - beginning of year	<u>200,556</u>	<u>203,525</u>
Cash - end of year	<u><u>\$ 201,678</u></u>	<u><u>\$ 200,556</u></u>
Reconciliation of operating income		
to net cash provided by operating activities:		
Operating income (loss)	<u>\$ (4,612)</u>	<u>\$ (14,021)</u>
Adjustments to reconcile operating income (loss)		
to net cash provided (used) by operating activities:		
Depreciation	\$ 893	\$ 585
Changes in assets and liabilities:		
Prepaid expense	(550)	5,000
Security deposit		750
Accounts payable	2,444	4,560
Unearned revenue	2,800	2,100
Total adjustments	<u>\$ 5,587</u>	<u>\$ 12,995</u>
Net cash provided by operating activities	<u><u>\$ 975</u></u>	<u><u>\$ (1,026)</u></u>

See notes to financial statements.

NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

Note 1 - Nature of Activities and Significant Accounting Policies

Description of Organization and Purpose

The North Carolina Marriage and Family Therapy Licensure Board (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. 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 marriage and family therapists.

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 MARRIAGE AND FAMILY THERAPY LICENSURE BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 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 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 certain time deposits held by the Board. Certain certificates of deposits (if any) are considered investments for Statements of Net Position presentation.

Prepaid Expenses

This classification includes prepaid dues and prepaid rent at year end.

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 \$250 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 an annual basis for the period July 1 through June 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.

NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

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

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 has 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

Deposits

All of the Board's deposits which are uninsured, if any, 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, the Board will not be able to recover 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 June 30, 2019, the Board's deposits had a carrying amount (including undeposited receipts) of \$201,678 and a bank balance of \$191,453, which was covered by federal depository insurance. At June 30, 2018, the Board's deposits had a carrying amount (including undeposited receipts) of \$200,556 and a bank balance of \$196,032, which was covered by federal depository insurance.

NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

Note 3 - Capital Assets

	Cost 06-30-18	Acquisitions	Disposals	Cost 06-30-19	Accumulated Depreciation	Net Amount
Furniture/Equipment	\$ 9,811	\$ -	\$ -	\$ 9,811	\$ 8,251	\$ 1,560
	<u>\$ 9,811</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,811</u>	<u>\$ 8,251</u>	<u>\$ 1,560</u>

	Cost 06-30-17	Acquisitions	Disposals	Cost 06-30-18	Accumulated Depreciation	Net Amount
Furniture/Equipment	\$ 7,719	\$ 2,092	\$ -	\$ 9,811	\$ 7,358	\$ 2,453
	<u>\$ 7,719</u>	<u>\$ 2,092</u>	<u>\$ 0</u>	<u>\$ 9,811</u>	<u>\$ 7,358</u>	<u>\$ 2,453</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 \$893 for the fiscal year ended June 30, 2019 and \$585 for the fiscal 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, 2019</u>	<u>June 30, 2018</u>
Due to Vendors	\$ 4,331	\$ 6,855
Due to Other State Agencies	4,968	
Total Accounts Payable	<u>\$ 9,299</u>	<u>\$ 6,855</u>

Note 5 - Contractual Management Services

The Board treats its administrative officer as an independent contractor. The Board contracted with this management service individual to provide services for the Board. The contract for management services includes all services related to the process of licensure application and renewal, and various other secretarial duties. The Board also reimburses the management service occasionally for printing, copying, postage, miscellaneous office supplies and other expenses. Payments to the management service totaled \$66,000 during the fiscal year ended June 30, 2019. Payments to the management service totaled \$67,954 during the fiscal year ended June 30, 2018.

NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

Note 6 - Operating Lease

The Board leased office space which monthly rental charge included utilities and supplemental charges. Total rent expense charged to operations under the lease agreement was \$2,901 for the year ended June 30, 2019 and \$7,580 for the fiscal year ended June 30, 2018.

Rental commitments under the new noncancellable operating lease (excluding utilities and supplemental charges which are inestimable in advance) at June 30, 2019 are as follows:

Year Ended June 30,	
2020	\$ 4,950
	<u>\$ 4,950</u>

Note 7 - 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 purchased no commercial insurance coverage. Accordingly, there have been no changes in insurance coverage from coverage in the prior year, and no insurance claims were filed during the last three fiscal years.

Note 8 - 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 9 - Subsequent Events

Subsequent events have been evaluated through October 25, 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 60 audit hours at a cost of \$5,595.

NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD
SCHEDULES OF RECEIPTS AND DISBURSEMENTS - MODIFIED CASH BASIS
YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
	<u>Proprietary- Enterprise Fund</u>	<u>Proprietary- Enterprise Fund</u>
RECEIPTS:		
Application and exam fees	\$ 38,550	\$ 31,750
Renewals and license fees	101,200	102,475
Miscellaneous operating income	2,825	3,125
Interest income	<u>147</u>	<u>149</u>
Total receipts	142,722	\$ 137,499
DISBURSEMENTS:		
Contractual management services	\$ 71,500	\$ 55,000
Staff travel		214
Contracted temporary services (administrative)	3,785	6,885
Contracted temporary services (investigative)		5,800
Building rent (including certain supplemental charges)	3,451	6,830
Storage space rental	1,693	1,368
Board members expenses (including special meeting expenses)	17,356	20,584
Telephone	1,000	1,528
Internet	1,259	1,458
Office supplies and expenses	4,054	4,797
Repairs and maintenance- office equipment	287	488
Acquisition of capital assets		2,092
Printing and copying	2,147	3,521
Postage	1,261	1,609
Dues	500	1,000
Legal fees	18,633	14,650
Audit and accounting fees	8,795	7,495
Deposit processing fees	2,915	2,392
Bank charges	239	232
Website expenses	<u>2,725</u>	<u>2,525</u>
Total disbursements	<u>\$ 141,600</u>	<u>\$ 140,468</u>
Receipts over (under) disbursements	1,122	(2,969)
Change in cash	<u>\$ 1,122</u>	<u>\$ (2,969)</u>
Cash and cash equivalents - beginning of year	<u>200,556</u>	<u>203,525</u>
Cash and cash equivalents - end of year	<u><u>\$ 201,678</u></u>	<u><u>\$ 200,556</u></u>

See auditor's report on supplementary information.