

MIDWIFERY JOINT COMMITTEE OF THE
STATE OF NORTH CAROLINA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015



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MIDWIFERY JOINT COMMITTEE OF THE STATE OF NORTH CAROLINA
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Independent Accountant's Review Report

Members of the Board
Midwifery Joint Committee of the State of North Carolina
Raleigh, North Carolina

We have reviewed the accompanying statement of net position of the Midwifery Joint Committee of the State of North Carolina (the "Committee"), an enterprise fund of the State of North Carolina, as of June 30, 2015, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Committee management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Bernard Robinson & Company, L.L.P.

Raleigh, North Carolina
September 14, 2015

MIDWIFERY JOINT COMMITTEE OF THE STATE OF NORTH CAROLINA
Statement of Net Position
June 30, 2015

Assets

Current assets:

Cash	\$ 54,826
Certificate of deposit	<u>16,095</u>
Total assets	<u><u>\$ 70,921</u></u>

Liabilities and Net Position

Liabilities:

Accounts payable	\$ 12,930
Unearned revenue	<u>6,583</u>
Total liabilities	<u>19,513</u>

Net position	<u>51,408</u>
Total liabilities and net position	<u><u>\$ 70,921</u></u>

MIDWIFERY JOINT COMMITTEE OF THE STATE OF NORTH CAROLINA
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2015

Operating revenues:	
Renewals	\$ 15,967
Approvals to Practice	6,205
Other	110
Total operating revenues	<u>22,282</u>
Operating expenses:	
Administrative	11,770
Legal	1,160
Accounting	3,300
Joint Committee	667
Insurance	600
Bank and other	2,120
Total operating expenses	<u>19,617</u>
Operating income	<u>2,665</u>
Non-operating revenues:	
Interest income	<u>12</u>
Change in net position	2,677
Net position - beginning of year	<u>48,731</u>
Net position - end of year	<u><u>\$ 51,408</u></u>

MIDWIFERY JOINT COMMITTEE OF THE STATE OF NORTH CAROLINA
Statement of Cash Flows
Year Ended June 30, 2015

Cash flows from operating activities:	
Cash received from fees	\$ 20,165
Cash payments to suppliers for goods and services	(10,263)
Cash payments for other expenses	(2,720)
Net cash provided by operating activities	<u>7,182</u>
Cash flows from investing activities:	
Interest income	<u>4</u>
Net cash provided by investing activities	<u>4</u>
Net increase in cash	7,186
Cash - beginning of year	<u>47,640</u>
Cash - end of year	<u><u>\$ 54,826</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 2,665
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Accounts payable	6,634
Unearned revenue	<u>(2,117)</u>
Net cash provided by operating activities	<u><u>\$ 7,182</u></u>

MIDWIFERY JOINT COMMITTEE OF THE STATE OF NORTH CAROLINA

Notes to Financial Statements

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

The Midwifery Joint Committee of the State of North Carolina (the "Committee") is an occupational licensing board of midwives in the State of North Carolina, and is authorized by Chapter 90 of the *North Carolina General Statutes*. The Committee's primary responsibilities are to grant approvals to practice as midwives to qualified persons, and to enforce all statutes and rules of Chapter 90, Article 10A.

The Committee's operations are financed with self-generated revenues from fees charged to the applicants.

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 Committee is responsible.

For financial reporting purposes, the Committee is a nonmajor enterprise fund of the primary government of the State of North Carolina.

The accompanying financial statements present all funds and activities for which the Committee is responsible.

Basis of Presentation

The accompanying basic 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.

Basis of Accounting

The basic financial statements of the Committee 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 recorded when a liability has been incurred, regardless of the timing of the cash flows.

MIDWIFERY JOINT COMMITTEE OF THE STATE OF NORTH CAROLINA
Notes to Financial Statements

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

Basis of Accounting (Continued)

The Committee classifies its revenues and expenses as operating or nonoperating in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. Operating revenues and expenses generally result from providing services that are necessary to the Committee's principal ongoing operations. Operating revenues include activities that have characteristics of exchange transactions and consist primarily of renewal and application fees. Operating expenses are all expense transactions 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*.

Nonoperating revenues and expenses include activities that have characteristics of nonexchange transactions and consist of investment activities.

Cash

For purposes of the statement of cash flows, the Committee considers all highly liquid investments with a maturity of three months or less when purchased to be cash.

Certificate of Deposit

The certificate of deposit is recorded at fair value which is cost plus accrued interest to date.

Unearned Revenue

Midwives are renewed for a period of one year on a birth month renewal system. Renewal fees received are recorded as unearned revenue and recognized as revenue ratably over the year, assuming equal numbers of midwives renewing each month.

Net Position

The Committee's net position consists of 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.

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 and assumptions, resulting in adjustments in future periods.

MIDWIFERY JOINT COMMITTEE OF THE STATE OF NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DEPOSITS

The Committee's deposits include cash on deposit in checking and savings accounts and a certificate of deposit with financial institutions.

Custodial credit risk is the risk that in the event of a bank failure, the Committee's deposits may not be returned to it. The Committee's deposits at each commercial bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2015, the Committee's deposits were fully insured.

The Committee holds a certificate of deposit at a bank which matures on June 5, 2016. The certificate of deposit is not rated.

NOTE 3 - RELATED PARTY

The Committee shares common board membership with the North Carolina Board of Nursing ("NCBON") and NCBON's staff oversees the daily operations of the Committee. Administrative expense is the fee paid to NCBON for the use of facilities, administrative duties performed by NCBON staff, and copying, and is based on the income received during the year. For the period ended June 30, 2015, total administrative expenses were \$11,770, all of which was included in accounts payable to NCBON at June 30, 2015.

NOTE 4 - SUBSEQUENT EVENTS

Management of the Committee evaluated subsequent events through September 14, 2015, which is the date the financial statements were available to be issued. They discovered no subsequent events that should be disclosed.

The Committee's audit was conducted in approximately 28 hours at a total audit cost of \$3,000.