

**NORTH CAROLINA SOCIAL WORK
CERTIFICATION AND LICENSURE
BOARD**

Financial Statements
June 30, 2016 and 2015



Rives & Associates, LLP
Certified Public Accountants and Consultants

NORTH CAROLINA SOCIAL WORK CERTIFICATION AND LICENSURE BOARD
Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position.....	3
Statements of Activities	4
Statements of Changes in Net Assets.....	5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7



Member:
American Institute of
Certified Public Accountants

Rives & Associates, LLP
Certified Public Accountants

Member:
North Carolina Association of
Certified Public Accountants

www.rivescpa.com

Independent Auditors' Report

Board of Directors
North Carolina Social Work Certification
and Licensure Board
Asheboro, North Carolina

We have audited the accompanying financial statements of the North Carolina Social Work Certification and Licensure Board (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015 and the related statements of activities, changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

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 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 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 present fairly, in all material respects, the financial position of the North Carolina Social Work Certification and Licensure Board as of June 30, 2016 and 2015, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Rives & Associates LLP

Lexington, North Carolina
October 12, 2016

NORTH CAROLINA SOCIAL WORK CERTIFICATION AND LICENSURE BOARD
Statements of Financial Position
June 30, 2016 and 2015

	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,517,551	\$ 1,267,639
Property and equipment:		
Furniture and fixtures	48,079	48,079
Computer and office equipment	31,549	30,267
	79,628	78,346
Less accumulated depreciation	(75,266)	(72,629)
	4,362	5,717
Intangible assets:		
Website development	7,725	7,725
Less accumulated amortization	(7,725)	(7,725)
	-	-
Total assets	\$ 1,521,913	\$ 1,273,356
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 5,532	\$ 15,162
Accrued salaries	5,984	2,930
Accrued payroll taxes	1,265	3,523
Accrued compensated absences	21,083	18,844
Total liabilities	33,864	40,459
Net assets:		
Unrestricted:		
Board designated	1,000,000	500,000
Undesignated	483,687	727,180
Net investment in property and equipment	4,362	5,717
Total unrestricted net assets	1,488,049	1,232,897
Total liabilities and net assets	\$ 1,521,913	\$ 1,273,356

The accompanying notes to the financial statements are an integral part of these financial statements.

NORTH CAROLINA SOCIAL WORK CERTIFICATION AND LICENSURE BOARD**Statements of Activities
Years Ended June 30, 2016 and 2015**

	2016	2015
Revenues:		
Fees	\$ 830,816	\$ 743,824
Interest	6,010	2,827
Total revenue	<u>836,826</u>	<u>746,651</u>
Expenses:		
Travel - board members	28,635	23,838
Retirement	15,763	15,069
Salaries	270,088	249,960
Insurance	68,159	53,158
Payroll taxes	19,646	22,486
Office supplies	11,723	12,979
Lease payments	32,880	32,582
Printing	3,371	4,011
Postage	9,671	8,244
Utilities	3,241	3,860
Miscellaneous	14,104	12,626
Telephone	4,396	5,339
Professional fees - other	14,961	13,866
Professional fees - ethics	60,503	64,479
Newsletters	2,103	183
Depreciation	2,637	4,223
Dues and memberships	4,875	1,765
Maintenance and repairs	14,918	4,851
Total expenses	<u>581,674</u>	<u>533,519</u>
Increase in unrestricted net assets	<u>\$ 255,152</u>	<u>\$ 213,132</u>

The accompanying notes to the financial statements are an integral part of these financial statements.

NORTH CAROLINA SOCIAL WORK CERTIFICATION AND LICENSURE BOARD

**Statements of Changes in Net Assets
Years Ended June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Total unrestricted net assets, beginning of year	\$ 1,232,897	\$ 1,019,765
Increase in unrestricted net assets	<u>255,152</u>	<u>213,132</u>
Total unrestricted net assets, end of year	<u>\$ 1,488,049</u>	<u>\$ 1,232,897</u>

The accompanying notes to the financial statements are an integral part of these financial statements.

NORTH CAROLINA SOCIAL WORK CERTIFICATION AND LICENSURE BOARD

**Statements of Cash Flows
Years Ended June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Increase in net assets	\$ 255,152	\$ 213,132
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	2,637	4,223
Cash provided (used) by change in:		
Accounts payable	(9,630)	4,082
Accrued salaries	3,054	211
Accrued payroll taxes	(2,258)	(1,069)
Accrued compensated absences	2,239	(2,519)
Net cash provided by operating activities	<u>251,194</u>	<u>218,060</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(1,282)</u>	<u>-</u>
Net cash used by investing activities	<u>(1,282)</u>	<u>-</u>
Cash flows from financing activities:		
Net cash provided (used) by financing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	249,912	218,060
Cash and cash equivalents, beginning of year	<u>1,267,639</u>	<u>1,049,579</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,517,551</u></u>	<u><u>\$ 1,267,639</u></u>

The accompanying notes to the financial statements are an integral part of these financial statements.

NORTH CAROLINA SOCIAL WORK CERTIFICATION AND LICENSURE BOARD

Notes to Financial Statements

June 30, 2016 and 2015

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization:

Established by Chapter 90B of the North Carolina General Statutes, the North Carolina Social Work Certification and Licensure Board (Board) is an occupational licensing board that grants certificates of qualification to those individuals who meet the legal requirements as a certified/licensed social worker. The Board's essential governmental function is to protect the public by setting standards for qualifications, training, and experience for those who seek to represent themselves to the public as a certified/licensed social worker and by promoting high standards of professional performance for those engaged in the practice of social work. The Board consists of seven members appointed by the Governor, and its income is derived from licensure renewal fees.

Basis of Presentation:

All activities of the Board are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) 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; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or the change in net assets is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Basis of Accounting:

The financial statements have been prepared using the accrual basis of accounting. Revenues are recorded when earned. Expenses are recognized when incurred. The Board follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards under FASB Codification ASC Subtopic 958-320, Financial Statements of Not-for-Profit Organizations, in its proprietary operation, unless those pronouncements conflict with or contradict GASB pronouncements. Under FASB Codification ASC Subtopic 958-320, the Board is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Net Assets:

Net assets of the Board, where applicable, are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met either by the action of the Board and/or the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Board. Generally, the donors of these assets permit the Board to use all or part of the income earned on related investments for general or specific purposes.

Cash and Cash Equivalents:

The Board considers all short-term investments with an original maturity of three months or less to be cash equivalents. The cash classification includes undeposited receipts, petty cash, checking accounts and pooled-cash deposited with the North Carolina State Treasurer. These funds are considered cash equivalents since they are immediately available for expenditures.

NORTH CAROLINA SOCIAL WORK CERTIFICATION AND LICENSURE BOARD
Notes to Financial Statements
June 30, 2016 and 2015

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Equipment and Depreciation:

The Board's policy is to capitalize property and equipment over \$300. Lesser amounts are expensed. Property and equipment are carried at cost, less accumulated depreciation. Assets are depreciated using the straight-line method over the useful life of the assets as follows:

Furniture	7 to 10 years
Computer and office equipment	5 years

The Board reviews its long-lived assets for impairment annually or whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. For assets to be held, impairment is determined to exist if the estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. For the assets to be disposed of, impairment is determined to exist if the estimated realizable value is less than the carrying amount. At June 30, 2016, the Board has determined that no impairment indicators exist.

Intangible Assets:

Costs incurred for the development of the Board's website and software updates are capitalized. Intangible assets are carried at cost, less accumulated amortization and are amortized over three years.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for depreciation. Actual results could differ from those estimates.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

The Board places its cash and cash equivalents on deposit with financial institutions in the United States. Combined deposits with a financial institution are insured up to \$250,000. The amount of deposits in excess of the Federal Deposit Insurance Corporation limit totaled \$28,267 and \$13,080, respectively, at June 30, 2016 and 2015.

NOTE 3 – CASH AND CASH EQUIVALENTS

The deposits of the Board are governed by the North Carolina General Statute Section 147-86. The Board may establish official depositories with any bank or savings and loan association whose principal office is located in North Carolina. The Board may also establish time deposits in the form of NOW accounts, Super NOW accounts, money market accounts and certificates of deposit. At June 30, 2016 and 2015, the carrying amount of the Board's State Treasurer's deposits were \$990,449 and \$759,554, respectively, and bank balances of \$527,102 and \$508,085, respectively. All deposits with the State Treasurer are either insured or collateralized and is a Short-Term Investment Fund. The difference between cost and fair value is immaterial, therefore no adjustment is necessary.

NORTH CAROLINA SOCIAL WORK CERTIFICATION AND LICENSURE BOARD
Notes to Financial Statements
June 30, 2016 and 2015

NOTE 4 – INCOME TAXES

The Board was created pursuant to North Carolina General Statutes to carry out an essential government function; therefore, it is considered exempt from state and federal income tax laws under Internal Revenue Code Section 115, and is not required to file annual tax returns.

NOTE 5 – UNRESTRICTED NET ASSETS

All net assets of the Board are unrestricted. Net assets consist of the following:

- a. Board designated – The Board of Directors has chosen to place an internal designation on unrestricted net assets of \$1,000,000 for future legal expenses.
- b. Undesignated – This component of net assets consists of net assets that do not meet the definition of restricted or invested in property and equipment.
- c. Net investment in property and equipment – This component of net assets consists of capital assets net of accumulated depreciation, and reduced by any related debt, if applicable.

NOTE 6 – RETIREMENT PLAN

The Board sponsors a Simplified Employee Pension Plan. All employees are eligible to participate in the plan and the Board makes discretionary contributions to the plan. For the years ended June 30, 2016 and 2015, the Board has contributed 6% of each participating employee's wages. The retirement expense for the years ended June 30, 2016 and 2015 amounted to \$15,763 and \$15,069, respectively.

NOTE 7 – OPERATING LEASE COMMITMENTS

The Board has an operating lease for its office facilities from an unrelated party that expired April 30, 2016. The Board renewed the operating lease through April 30, 2021. The lease rate was \$2,735 per month through April 30, 2016. The lease has a 1% rate increase for each 12-month rental period ending April 30, 2016 through April 30, 2021. Lease payments amounted to \$32,880 and \$32,582 at June 30, 2016 and 2015, respectively. Future minimum lease payments required for the duration of the lease are as follows:

<u>Year Ending June 30,</u>	<u>Future Minimum Lease Payments</u>
2017	\$ 33,154
2018	33,485
2019	33,820
2020	34,158
2021	34,500
	<u>\$ 169,117</u>

NOTE 8 – ACCRUED COMPENSATED ABSENCES

The Board's vacation policy states that permanent, probationary, trainee and provisional employees may accrue at least 94 hours each year. As length of service increases, the amount of earned vacation increases. Employees may carry 240 hours of earned annual leave to the following year. Any hours exceeding 240 are forfeited. Accrued compensated absences were \$21,083 and \$18,844 as of June 30, 2016 and 2015, respectively.

NORTH CAROLINA SOCIAL WORK CERTIFICATION AND LICENSURE BOARD

Notes to Financial Statements

June 30, 2016 and 2015

NOTE 9 – DATE OF MANAGEMENT’S REVIEW

The Board has evaluated events and transactions that occurred subsequent to October 12, 2016, which is the date the financial statements were available to be issued. There were no recognized subsequent events requiring disclosure.