

**NORTH CAROLINA STATE
BOARD OF EXAMINERS FOR
NURSING HOME ADMINISTRATORS**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021



**NORTH CAROLINA STATE BOARD OF EXAMINERS FOR
NURSING HOME ADMINISTRATORS**

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**NORTH CAROLINA STATE BOARD OF EXAMINERS FOR
NURSING HOME ADMINISTRATORS
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

Introduction

The following is a discussion and analysis of the North Carolina State Board of Examiners for Nursing Home Administrators' (the "Board") financial performance for the fiscal year ended June 30, 2022. Please read it in conjunction with the financial statements which follow this section.

Financial Highlights

The operating revenues of the Board increased by \$43,016 or 10.15%, due primarily to biennial renewals, AIT 6-day lecture class, and temporary licenses.

The operating expenses of the Board increased by \$62,744 or 15.36%, due primarily to salaries and related taxes, retirement, and employee insurance expenses.

The non-operating revenues of the Board decreased by \$1 or 6.67%.

Overview of the Basic Financial Statements

This discussion and analysis is an introduction to the Board's basic financial statements, which are comprised of two components: 1) financial statements, and 2) notes to financial statements. This report also contains this required supplementary information in addition to the basic financial statements.

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 non-current 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 STATE BOARD OF EXAMINERS FOR
NURSING HOME ADMINISTRATORS
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

Basic Financial Statements (Continued)

The following presents condensed financial information on the operations of the Board:

	Restated		
	As of and for the Fiscal Year Ended June 30, 2022	As of and for the Fiscal Year Ended June 30, 2021	As of and for the Fiscal Year Ended June 30, 2020
Current assets	\$ 250,875	\$ 226,830	\$ 202,709
Capital assets - net of depreciation	59,762	104,304	31,594
Total assets	<u>310,637</u>	<u>331,134</u>	<u>234,303</u>
Current liabilities	206,374	176,658	136,891
Noncurrent liabilities	46,054	91,874	50,146
Total liabilities	<u>252,428</u>	<u>268,532</u>	<u>187,037</u>
Investment in capital assets	18,059	25,388	31,594
Unrestricted	40,150	37,214	15,672
Total net position	<u>\$ 58,209</u>	<u>\$ 62,602</u>	<u>\$ 47,266</u>
Operating revenues	\$ 466,790	\$ 423,774	\$ 320,569
Operating expenses	<u>471,197</u>	<u>408,453</u>	<u>369,622</u>
Operating income (loss)	(4,407)	15,321	(49,053)
Non-operating revenues	14	15	31
Changes in net position	<u>\$ (4,393)</u>	<u>\$ 15,336</u>	<u>\$ (49,022)</u>

Events Affecting Future Operations

The Board has executed contracts with Kingston Plantation to hold the Preceptor Seminar in their facility annually through 2025. Under these contracts, the Board is liable for certain cancellations when made according to a fixed schedule.

The primary uncertainty concerning future operations is the ongoing response to the COVID-19 pandemic. The Board will continue to monitor board operations to remain in compliance with North Carolina Governor Cooper's orders and follow the guidance of the Center for Disease Control and Prevention.

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 and expends. If you have any questions about this report or need additional information, contact: North Carolina State Board of Examiners for Nursing Home Administrators; 3733 National Drive, Suite 110; Raleigh, NC 27612.



Independent Auditor's Report

Members of the Board
North Carolina State Board of Examiners for
Nursing Home Administrators
Raleigh, North Carolina

Opinion

We have audited the statements of net position of the North Carolina State Board of Examiners for Nursing Home Administrators (the "Board") as of June 30, 2022 and 2021, 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.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Board as of June 30, 2022 and 2021, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the North Carolina State Board of Examiners for Nursing Home Administrators and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. GAAP; 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the North Carolina State Board of Examiners for Nursing Home Administrators' ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

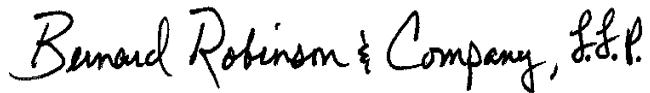
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters we identified during the audit.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the North Carolina State Board of Examiners for Nursing Home Administrators and do not purport to and do not present fairly the financial position of the State of North Carolina as of June 30, 2022 and 2021, or the changes in its financial position and its cash flows thereof for the years then ended in conformity with U.S. GAAP.

Required Supplementary Information

U.S. GAAP requires that the Management's Discussion and Analysis on pages 1-2 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.



Raleigh, North Carolina
October 5, 2022

**NORTH CAROLINA STATE BOARD OF EXAMINERS FOR
NURSING HOME ADMINISTRATORS**
Statements of Net Position
June 30, 2022 and 2021

	2022	Restated 2021
ASSETS:		
Current assets:		
Cash	\$ 249,864	\$ 225,819
Prepaid expenses	1,011	1,011
Total current assets	<u>250,875</u>	<u>226,830</u>
Capital assets:		
Right to use leased assets, net of amortization	40,549	77,978
Property and equipment, net of depreciation	19,213	26,326
Total capital assets	<u>59,762</u>	<u>104,304</u>
Total assets	<u>310,637</u>	<u>331,134</u>
LIABILITIES:		
Current liabilities:		
Accounts payable and payroll taxes payable	2,469	1,971
Retirement payable	6,825	5,012
Lease liabilities, current portion	38,442	37,213
Unearned revenues	158,638	132,462
Total current liabilities	<u>206,374</u>	<u>176,658</u>
Non-current liabilities:		
Lease liabilities	3,261	41,703
Unearned revenues	32,175	26,338
Compensated absences	10,618	23,833
Total non-current liabilities	<u>46,054</u>	<u>91,874</u>
Total liabilities	<u>252,428</u>	<u>268,532</u>
NET POSITION:		
Invested in capital assets	18,059	25,388
Unrestricted	40,150	37,214
Total net position	<u>\$ 58,209</u>	<u>\$ 62,602</u>

**NORTH CAROLINA STATE BOARD OF EXAMINERS FOR
NURSING HOME ADMINISTRATORS**
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2022 and 2021

	2022	Restated 2021
Operating revenues:		
Biennial registrations	\$ 228,187	\$ 207,512
Initial registrations	19,554	18,900
Seminar fees	57,123	58,536
Seminar sponsorships	26,500	26,000
Temporary licenses	17,500	9,600
Reciprocity licenses	18,600	18,901
Reciprocity application fees	10,800	10,400
Exam fees	16,850	15,800
Administrator-in-training application fees	11,700	9,750
Inactive fees	3,900	3,600
Continuing education review fees	8,990	7,610
AIT 6-day lecture class	44,224	35,452
Duplicate licenses	250	250
Other revenue	2,612	1,463
Total operating revenues	466,790	423,774
Operating expenses:		
Salaries	231,035	203,087
Compensation to board members	3,650	3,050
Payroll taxes	18,685	15,536
Retirement	23,558	21,048
Employee insurance	25,104	21,282
Seminar expense	44,159	43,247
AIT 6-day lecture class	7,589	5,508
Legal and accounting	22,022	15,433
Repairs and maintenance	601	452
Office rent	-	3,033
Travel - staff	6,609	975
Travel - board	7,703	3,845
Telephone	1,016	1,081
Internet and website services	10,328	8,858
Postage	1,649	1,598
Printing	554	599
Insurance	1,294	1,293
Office supplies and expense	8,360	5,676
Honorariums	2,500	3,000
Miscellaneous	8,225	5,497
Interest expense on lease liabilities	2,014	2,588
Amortization, right to use leased assets	37,429	34,309
Depreciation	7,113	7,458
Total operating expenses	471,197	408,453
Operating income (loss)	(4,407)	15,321
Non-operating revenue:		
Interest income	14	15
Total non-operating revenue	14	15
Changes in net position	(4,393)	15,336
Net position - beginning of year	62,602	47,266
Net position - end of year	\$ 58,209	\$ 62,602

See Notes to Financial Statements

**NORTH CAROLINA STATE BOARD OF EXAMINERS FOR
NURSING HOME ADMINISTRATORS**
Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	Restated 2021
Cash flows from operating activities:		
Cash received from fees	\$ 498,803	\$ 426,562
Cash payments to employees for services	(244,250)	(203,087)
Cash payments to suppliers for goods and services	(135,609)	(121,826)
Cash payments for other expenses	(57,700)	(41,982)
Net cash provided by operating activities	<u>61,244</u>	<u>59,667</u>
Cash flows from investing activities:		
Interest income	14	15
Net cash provided by investing activities	<u>14</u>	<u>15</u>
Cash flows from capital and related financing activities:		
Acquisition of property and equipment	-	(2,190)
Payments on lease liabilities	<u>(37,213)</u>	<u>(33,371)</u>
Net cash used in capital and related financing activities	<u>(37,213)</u>	<u>(35,561)</u>
Net increase in cash	24,045	24,121
Cash - beginning of year	<u>225,819</u>	<u>201,698</u>
Cash - end of year	<u>\$ 249,864</u>	<u>\$ 225,819</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	<u>\$ (4,407)</u>	<u>\$ 15,321</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Amortization, right to use leased assets	37,429	34,309
Depreciation	7,113	7,458
Changes in assets and liabilities:		
Accounts payable	498	(209)
Retirement payable	1,813	-
Unearned revenues	32,013	2,788
Compensated absences	<u>(13,215)</u>	<u>-</u>
Total adjustments	<u>65,651</u>	<u>44,346</u>
Net cash provided by operating activities	<u>\$ 61,244</u>	<u>\$ 59,667</u>

**NORTH CAROLINA STATE BOARD OF EXAMINERS FOR
NURSING HOME ADMINISTRATORS**
Notes to Financial Statements

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

The North Carolina State Board of Examiners for Nursing Home Administrators (the "Board") is an occupational licensing board, established under Chapter 90 of the North Carolina General Statutes to maintain minimum standards for services provided by nursing home administrators within the State of North Carolina. The Board's operations are funded primarily through license renewals and license application fees.

The Board is considered an independent agency of the State of North Carolina for financial reporting purposes. The Board members are appointed by the Governor.

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 the Governmental Accounting Standards Board ("GASB").

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.

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 *Annual Comprehensive Financial Report* (ACFR). 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.

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

Basis of Accounting

The basic financial statements of the Board are 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.

**NORTH CAROLINA STATE BOARD OF EXAMINERS FOR
NURSING HOME ADMINISTRATORS**
Notes to Financial Statements

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

Basis of Accounting (Continued)

The Board classifies its revenues and expenses as operating and non-operating in the accompanying statements of revenues, expenses, and changes in net position. Operating revenues include activities that have characteristics of exchange transactions and consist primarily of examination and license fees. Non-operating revenues and expenses include activities that have characteristics of non-exchange transactions and consist primarily of investing type activities.

Changes in Financial Accounting and Reporting

For the fiscal year ended June 30, 2022, the Board implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, and GASB Statement No. 98, *The Annual Comprehensive Financial Report*.

GASB Statement No. 87 increases the usefulness of governmental financial statements by requiring recognition of certain lease assets and liabilities for all leases, including those that previously were classified as operating leases and recognized as income by lessors and expenditures by lessees. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 98 establishes the term annual comprehensive financial report and its acronym ACFR. The new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The requirements of this Statement are effective for fiscal years ending after December 15, 2021.

Cash

Cash is comprised of amounts held in checking and savings accounts at a bank.

Right-To-Use Leased Asset and Lease Liabilities

Leases that provide the Board the right-to-use an asset for a period of more than one year are considered a capital asset. Right-to-use leased assets are recorded at the initial measurement of the lease liability which equals the present value of all payments expected to be made during the lease term. The right-to-use leased assets are amortized on a straight-line basis over the term of the lease(s).

Lease liabilities represent the Board's financial obligation to make lease payments during the term of the lease and is measured at the present value of future lease payments.

Property and Equipment

Property and equipment, including software purchases, are recorded at cost at the date of acquisition. The Board capitalizes assets that have a cost of \$500 or greater at the date of acquisition and an expected useful life in excess of two years.

**NORTH CAROLINA STATE BOARD OF EXAMINERS FOR
NURSING HOME ADMINISTRATORS**
Notes to Financial Statements

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

Property and Equipment (Continued)

Depreciation is computed using the straight-line method over the following useful lives:

Leasehold improvements	10 years
Furniture, equipment and software	3-10 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.

Unearned Revenues

The Board's license renewal fees are assessed and collected for a fiscal period of 2 years, beginning October 1st. License renewal fees received in advance are deferred and recognized as revenue over the 2-year period to which they relate. The Board also collects fees for training classes in advance of the year they are given: therefore the Board defers those revenues until the classes take place.

Vacation and Sick Leave

The Board has chosen to follow the state's policy which provides for a maximum accumulation of unused vacation leave of 30 days which can be carried forward at the end of each year, or for which an employee can be paid upon termination of employment.

The Board, in accordance with state policy, records the cost of sick leave taken when paid rather than when the leave is earned. The accumulation of sick leave is unlimited, but the employee cannot be compensated for any unused sick leave upon termination of employment.

Net Position

The Board's net position is classified as follows:

Invested in Capital Assets - This component of net position represents the Board's total investment in capital assets. Capital assets include property and equipment, net of accumulated depreciation; right-to-use leased assets, net of accumulated amortization; and related lease liabilities.

Unrestricted - This component of net position consists of the Board's net position that does not meet the definition of restricted or invested in capital assets. The Board has reserved unrestricted net position up to \$500,000 for purposes of payment for legal services and the related costs for conducting administrative hearings and related appeals for the defense of Board members, employees and contractors of the Board in the event of claims against Board members, employees or contractors.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures of contingent 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.

**NORTH CAROLINA STATE BOARD OF EXAMINERS FOR
NURSING HOME ADMINISTRATORS**
Notes to Financial Statements

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment are stated at cost and are being depreciated over their useful lives on a straight-line basis as follows:

	Cost 6/30/2021	Acquisitions	Disposals	Cost 6/30/2022	Accumulated Depreciation	Net Amount
Furniture, equipment and software	\$ 95,915	\$ -	\$ -	\$ 95,915	\$ 76,702	\$ 19,213
Leasehold improvements	3,072	-	-	3,072	3,072	-
	<u>\$ 98,987</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,987</u>	<u>\$ 79,774</u>	<u>\$ 19,213</u>
	Cost 6/30/2020	Acquisitions	Disposals	Cost 6/30/2021	Accumulated Depreciation	Net Amount
Furniture, equipment and software	\$ 93,725	\$ 2,190	\$ -	\$ 95,915	\$ 69,589	\$ 26,326
Leasehold improvements	3,072	-	-	3,072	3,072	-
	<u>\$ 96,797</u>	<u>\$ 2,190</u>	<u>\$ -</u>	<u>\$ 98,987</u>	<u>\$ 72,661</u>	<u>\$ 26,326</u>

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Board maintains its cash balances with a financial institution located in Raleigh, North Carolina. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution.

NOTE 4 - COMPENSATED ABSENCES

Changes to compensated absences are as follows:

	2022	2021
Beginning compensated absences	\$ 23,833	\$ 23,833
Compensated absences earned	21,195	19,390
Compensated absences used	(34,410)	(19,390)
Ending compensated absences	<u>\$ 10,618</u>	<u>\$ 23,833</u>

NOTE 5 - RETIREMENT PLAN

The Board has a simplified employee pension plan covering all employees who are at least 21 years of age, have performed services for the Board for 3 months, and whose total compensation during the year is more than \$450. Benefit terms are established by the board of directors and may be changed by the board of directors. The Board contributes between 6% and 10.83% of an employee's compensation. Employees are not permitted to defer additional amounts under the plan. For the years ended June 30, 2022 and 2021, the Board contributed \$23,558 and \$21,048, respectively, on behalf of its employees.

**NORTH CAROLINA STATE BOARD OF EXAMINERS FOR
NURSING HOME ADMINISTRATORS**
Notes to Financial Statements

NOTE 6 - RIGHT-TO-USE LEASED ASSETS AND RELATED LEASE LIABILITIES

The Board has a lease providing the right-to-use office space for a term of three years beginning August 1, 2020 and ending July 31, 2023. The lease requires monthly payments of \$3,269 for the term of the lease.

Lease expenses were comprised of the following:

	2022	2021
Amortization expense by class of underlying asset -		
Office Space	<u>\$ 37,429</u>	<u>\$ 34,309</u>

Interest on lease liabilities

	6/30/2021	Additions	Subtractions	6/30/2022
Office Space	<u>\$ 112,287</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,287</u>
Less: Accumulated amortization:				
Office Space	<u>(34,309)</u>	<u>(37,429)</u>	<u>-</u>	<u>(71,738)</u>
Right-to-use assets, net	<u>\$ 77,978</u>	<u>\$ (37,429)</u>	<u>\$ -</u>	<u>\$ 40,549</u>
	6/30/2020	Additions	Subtractions	6/30/2021
Office Space	<u>\$ -</u>	<u>\$ 112,287</u>	<u>\$ -</u>	<u>\$ 112,287</u>
Less: Accumulated amortization:				
Office Space	<u>-</u>	<u>(34,309)</u>	<u>-</u>	<u>(34,309)</u>
Right-to-use assets, net	<u>\$ -</u>	<u>\$ 77,978</u>	<u>\$ -</u>	<u>\$ 77,978</u>

Lease liabilities were comprised of the following:

	6/30/2021	Additions	Subtractions	6/30/2022
Office Space	<u>\$ 78,916</u>	<u>\$ -</u>	<u>\$ (37,213)</u>	<u>\$ 41,703</u>
	6/30/2020	Additions	Subtractions	6/30/2021
Office Space	<u>\$ -</u>	<u>\$ 112,287</u>	<u>\$ (33,371)</u>	<u>\$ 78,916</u>

Future lease payments are comprised of the following:

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2023	<u>\$ 38,442</u>	<u>\$ 786</u>	<u>\$ 39,228</u>
2024	<u>3,261</u>	<u>9</u>	<u>3,270</u>
	<u>\$ 41,703</u>	<u>\$ 795</u>	<u>\$ 42,498</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. Tort claims of Board members up to \$1,000,000 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.

**NORTH CAROLINA STATE BOARD OF EXAMINERS FOR
NURSING HOME ADMINISTRATORS**
Notes to Financial Statements

NOTE 8 - COMMITMENTS

The Board has executed contracts with Kingston Plantation, a Hilton and Embassy Suites property, to hold the Preceptor Seminar in their facility from 2022 through 2025. Under these contracts, the Board is liable for certain cancellations when made according to a fixed schedule. There is also a performance damages clause if the event is held but Kingston Plantation does not realize a specified percentage of anticipated revenue from the event.

NOTE 9 - RESTATEMENT

The adoption of GASB Statement No. 87 changed the manner in which the Board accounts for leases that provide the Board the right-to-use office space and a copier. Under GASB Statement No. 87, a lessee is required to recognize an intangible right-to-use lease asset and a lease liability. Right-to-use leased assets are recorded at the initial measurement of the lease liability which equals the present value of all payments expected to be made during the lease term. Right-to-use leased assets are amortized over the term of the lease contract. Lease payments are separated into interest expense and a reduction of the lease liabilities.

The effects of the changes as of and for the year ended June 30, 2021 are as follows:

	<u>As Originally Reported</u>	<u>As Adjusted</u>	<u>Effect of Change</u>
Statement of Revenues, Expenses and Changes in Net Position:			
Office rent			
	\$ 38,992	\$ 3,033	\$ (35,959)
Interest expense on lease liabilities	-	2,588	2,588
Amortization, right to use leased assets	-	34,309	34,309
Statement of Net Position:			
Right to use leased assets, net of amortization	\$ -	\$ 77,978	\$ 77,978
Lease liabilities, current portion	-	37,213	37,213
Lease liabilities	-	41,703	41,703

NOTE 10 - SUBSEQUENT EVENTS

Management of the Board evaluated subsequent events through October 5, 2022, which is the date the financial statements were available to be issued. Management discovered no subsequent events that should be disclosed.

The Board's audit was conducted in approximately 45 hours at a cost of \$7,600.