

---

**NORTH CAROLINA MARRIAGE  
AND FAMILY THERAPY LICENSURE BOARD**

Financial Statements

Year Ended June 30, 2022

**NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD**  
**Table of Contents**

	<u>Page</u>
<b>Management’s Discussion and Analysis .....</b>	<b>1</b>
<b>Independent Auditors’ Report .....</b>	<b>3</b>
<b>Financial Statements:</b>	
Statement of Net Position .....	6
Statement of Revenues, Expenses, and Changes in Net Position .....	7
Statement of Cash Flows .....	8
<b>Notes to the Financial Statements .....</b>	<b>9</b>

**NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD**  
**Management's Discussion and Analysis**  
June 30, 2022

The following is a discussion and analysis of the Board's financial performance for the fiscal year ended June 30, 2022. This information should be read in conjunction with the audited financial statements included in this report.

**Financial Highlights**

- The Board's net position increased by \$41,470 or 32.36% due to the Board's operating revenues being greater than operating expenses.
- The operating revenues of the Board decreased by \$25,075 or 14.35%.
- The operating expenses of the Board decreased by \$35,220 or 24.55%.

**Overview of the Basic Financial Statements**

The financial report consists of three sections:

- *Management's Discussion and Analysis (required supplementary information)*
- *Independent Auditors' Report*
- *Basic Financial Statements*

The Board has no other supplementary information required by the Governmental Accounting Standards Board (GASB) Statement No. 34. The financial statements also include notes to the financial statements that provide detail of the information included in the financial statements.

**Basic 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.

## Basic Financial Statements (Continued)

The following presents condensed financial information on the operations of the Board as of June 30, 2022:

Current assets	\$ 317,617
Capital assets, net of depreciation	<u>305</u>
Total assets	<u>317,922</u>
Current liabilities	<u>151,956</u>
Net investment in capital assets	305
Unrestricted	<u>165,661</u>
Total net position	<u>\$ 165,966</u>
Operating revenues	\$ 149,700
Operating expenses	<u>108,240</u>
Operating income	41,460
Non-operating income	<u>10</u>
Change in net position	<u>\$ 41,470</u>

## Events Affecting Future Operations

A committee appointed by the North Carolina Legislature, The Joint Legislative Administrative Procedure Oversight Committee, has been performing a study concerning the deregulation, elimination and consolidation of occupational licensing boards in the State of North Carolina. The effect of any resulting legislation on the Board's operations in future years is not certain at this time.

## Contacting the Board's Management

This financial report is intended to provide a general overview of the Board's finances and to demonstrate the Board's accountability for the money it received and expends. If you have any questions about his report or need additional information, contact: North Carolina Marriage and Family Licensure Board, P.O. Box 10972, Raleigh, North Carolina 27605-0972.

## **Independent Auditors' Report**

Board of Directors  
North Carolina Marriage and Family Therapy Licensure Board  
Raleigh, North Carolina

### **Opinion**

We have audited the accompanying financial statements of the North Carolina Marriage and Family Therapy Licensure Board, which comprise the statements of net position as of June 30, 2022, 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 North Carolina Marriage and Family Therapy Licensure Board's basic financial statements as listed in the table of contents.

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, 2022, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditors' 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 auditors' 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 generally accepted auditing standards 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. Misstatements 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 generally accepted auditing standards, 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 that we identified during the audit.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require 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 the 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 inquires 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 any assurance.

*RH CPA<sub>®</sub>, PLLC*

Lexington, North Carolina  
September 8, 2023

**NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD**

**Statement of Net Position**

**Year Ended June 30, 2022**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 317,617
Total current assets	<u>317,617</u>

Non current assets:

Capital assets, net of depreciation	<u>305</u>
-------------------------------------	------------

Total assets	<u><u>\$ 317,922</u></u>
--------------	--------------------------

**LIABILITIES AND NET POSITION**

Current liabilities:

Accounts payable	\$ 21,706
Unearned revenue	<u>130,250</u>
Total current liabilities	<u>151,956</u>

Total liabilities	<u>151,956</u>
-------------------	----------------

Net position:

Unrestricted:

Net investment in capital assets	305
Unrestricted net position	<u>165,661</u>
Total unrestricted net position	<u>165,966</u>

Total liabilities and net position	<u><u>\$ 317,922</u></u>
------------------------------------	--------------------------

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



**NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD**

**Statement of Revenues, Expenses, and Changes in Net Position**

**Year Ended June 30, 2022**

Operating revenues:	
Fees, license and fines:	
Application and exam fees	\$ 43,275
Renewals and license fees	106,425
Total operating revenues	<u>149,700</u>
Operating expenses:	
Legal and accounting fees	32,896
Licenses and dues	1,000
Investigative services	1,725
Bank fees	5,557
Printing, supplies and communication	691
Board expenses	5,748
Management services	40,632
Storage and rent	1,026
Processing and website maintenance fees	18,547
Depreciation	418
Total operating expenses	<u>108,240</u>
Operating income	<u>41,460</u>
Non-operating revenue:	
Interest income	<u>10</u>
Change in net position	41,470
Total net position, beginning of year	<u>124,496</u>
Total net position, end of year	<u><u>\$ 165,966</u></u>

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

**NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD**

**Statement of Cash Flows  
Year Ended June 30, 2022**

Cash flows from operating activities:	
Cash received from fees and other operating income	\$ 174,051
Cash payments for operating expenses	(88,959)
Net cash flows provided from operating activities	<u>85,092</u>
Cash flows from investing activities:	
Receipt of interest income	10
Net cash provided from investing activities	<u>10</u>
Net increase in cash and cash equivalents	85,102
Cash and cash equivalents, beginning of year	<u>232,515</u>
Cash and cash equivalents, end of year	<u><u>\$ 317,617</u></u>
Reconciliation of operating income	
to net cash flows provided from operating activities:	
Operating income	\$ 41,460
Adjustments to reconcile increase in net position	
to net cash provided from operating activities:	
Depreciation	418
Cash provided from (used by) change in:	
Prepaid expense	2,352
Accounts payable	16,512
Unearned revenue	24,350
Net cash provided from operating activities	<u><u>\$ 85,092</u></u>

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

# **NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD**

## **Notes to the Financial Statements**

**June 30, 2022**

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

#### Nature of Organization:

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 *Annual Comprehensive Financial Report* (ACFR).

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.

#### 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 (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.

#### 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 non-major enterprise fund of the primary government of the State of North Carolina and is 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.

#### Basis of Accounting:

The financial statements have been prepared using the accrual basis of accounting. 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 the cash flows. 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 application and license renewal fees. Operating expenses are all expense transactions incurred other than those related to capital and noncapital financing or investing activities.

**NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD**  
**Notes to the Financial Statements**  
**June 30, 2022**

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

Net Position:

All net positions of the Board are unrestricted. Net position consists of the following:

- a. 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 the restrictions imposed by external parties. As of June 30, 2022, the Board had no restricted net position.
- b. Net investment in capital assets – This component of net position consists of capital assets net of accumulated depreciation, and reduced by any related debt, if applicable.
- c. Unrestricted net position – The component of net position consists of net positions that do not meet the definition of restricted or invested in property and equipment.

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, and checking accounts. These funds are considered cash equivalents since they are immediately available for expenditures.

Capital Assets:

The Board's policy is to capitalize property and equipment over \$250. 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 and fixtures	7 to 10 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, 2022 the Board has determined that no impairment indicators exist.

Unearned Revenue:

The Board's fees are assessed and collected on a fiscal year basis, which corresponds with the Board's accounting period. Licenses are renewed for a period of one fiscal year. License renewal fees received in the latter part of the fiscal year are unearned and recognized as revenue over the one year period to which they relate.

# **NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD**

## **Notes to the Financial Statements**

**June 30, 2022**

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

#### 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. 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 \$112,142 as of June 30, 2022. The Board has not adopted a formal policy regarding custodial credit risk for deposits.

### **NOTE 3 – 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 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. At the year ended June 30, 2022 the Board had accounts payable balances of \$21,706.

### **NOTE 5 – CONTRACTUAL MANAGEMENT SERVICES**

The Board does not have any employees, and contracts with a management consultant service to provide services for the Board. The contract includes all services related to the process of licensure application and renewal and various other secretarial duties. The Board also occasionally reimburses the management service for miscellaneous office supplies and expenses. For the year ended June 30, 2022 management fees totaled \$40,632.

### **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 state-administered risk programs and self-retention of certain risks. The Board protects itself from exposure to loss through the purchase of commercial insurance coverage. There have been no significant reductions in insurance coverage from the previous year, and settled claims have not exceeded coverage in any of the past three fiscal years.

**NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD**

**Notes to the Financial Statements**

**June 30, 2022**

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

**NOTE 8 – DATE OF MANAGEMENT'S REVIEW**

The Board has evaluated events and transactions that occurred subsequent to September 8, 2023, which is the date the financial statements were available to be issued. There were no recognized subsequent events requiring disclosure.

**NOTE 9 – NC LEGISLATIVE STATUTORY DISCLOSURE REQUIREMENT CONCERNING AUDIT FEES**

The audit was conducted in approximately 62 hours at a cost of \$7,000.