

STATE BOARD OF REFRIGERATION CONTRACTORS

RALEIGH, NORTH CAROLINA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022



C O N T E N T S

DECEMBER 31, 2022

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STATE BOARD OF REFRIGERATION CONTRACTORS

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2022

INTRODUCTION

The following is a discussion and analysis of the State Board of Refrigeration Contractors (the "Board") financial performance for the year ended December 31, 2022. The following financial statements and footnotes comprise our complete set of financial information. The Management's Discussion and Analysis identifies significant transactions that have financial impact and highlights favorable and unfavorable trends. Comparative data for the current year and the previous year are presented in the analysis.

FINANCIAL HIGHLIGHTS

During 2022, the operating revenues of the Board increased by \$1,746 or 1% due primarily to an increase of \$1,120 in CFC Certification Income, as increases for new licenses and exam fees offset with the decrease in license renewal fees. The increase in CFC Certification Income was related to an increase in people taking the exam to become licensed refrigeration contractors.

During 2022, the operating expenses of the Board increased by \$14,189 or 11% due primarily to an increase of \$23,317 in Salaries, which was offset by decreases in other expenses. The increase in Salaries was related to increases in staff pay compared to the prior year.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The financial report consists of two sections: Management's Discussion and Analysis and the basic financial statements. The financial statements also include notes to the basic financial statements that provide detail of the information included in 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 non-profit entities. These statements offer short and long-term financial information about the activities of the Board.

The Statement of Net Position (page 6) present the assets, liabilities, and net position of the Board.

The Statement of Revenues, Expenses and Changes in Net Position (page 7) present information on how the Board's net position changed as a result of the year's operations.

The Statement of Cash Flows (Page 8) present information on how the Board's cash changed as a result of the year's activity.

See Independent Auditor's Report

STATE BOARD OF REFRIGERATION CONTRACTORS

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2022

BASIC FINANCIAL STATEMENTS (Continued)

The following schedule presents condensed financial information on the operations of the Board as of December 31, and its operating and non-operating revenues and expenses for the years then ended:

	2022	2021
Current Assets	\$ 154,747	\$ 136,156
Capital Assets	3,978	1,188
Right of Use Assets	9,615	-
Total Assets	<u>168,340</u>	<u>137,344</u>
Current Liabilities	25,061	17,773
Deferred Inflows of Resources	121,440	122,340
Lease Liabilities- Noncurrent	2,594	-
Total Liabilities	<u>149,095</u>	<u>140,113</u>
Net Investment in Capital Assets	3,978	1,188
Unrestricted	15,267	(3,957)
Total Net Position	<u>\$ 19,245</u>	<u>\$ (2,769)</u>
Operating Revenues	168,639	\$ 166,582
Operating Expenses	(146,625)	(132,436)
Operating Income	22,014	34,146
Changes in Net Position	<u>\$ 22,014</u>	<u>\$ 34,146</u>

EVENTS AFFECTING FUTURE OPERATIONS

No significant events affecting future operations were noted.

CONTACTING THE COMMISSION'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: State Board of Refrigeration Contractors 1027 US-70 #221, Garner, NC 27529.

See Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
State Board of Refrigeration Contractors
Raleigh, North Carolina

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of the State Board of Refrigeration Contractors (the Board), an enterprise fund of the State of North Carolina, which comprise the statement of net position as of December 31, 2022, and the related statements of revenues, expenses and changes in net position, and cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the 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 State Board of Refrigeration Contractors as of December 31, 2022, and the changes in financial position and cash flows for the year 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State Board of Refrigeration Contractors, 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.

Substantial Doubt about the Board's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Board will continue as a going concern. As discussed in Note 10 to the financial statements, the Board has suffered revenue shortfalls causing cutbacks for the last several years that has raised substantial doubt about the ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters also are described in Note 10. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

INDEPENDENT AUDITOR'S REPORT

CONTINUED

Emphasis of Matter — Basis of Accounting

As discussed in Note 1, these financial statements are presented only for the State Board of Refrigeration Contractors and do not purport to and do not present fairly the financial position of the State of North Carolina as of December 31, 2022, nor the changes in its financial position and its cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Responsibilities of Management 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. Management is also responsible 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 State Board of Refrigeration Contractors' ability to continue as a going concern within one year after the date that 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 GAAS 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 GAAS, 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.

INDEPENDENT AUDITOR'S REPORT

CONTINUED

- 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 State Board of Refrigeration Contractors' 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 State Board of Refrigeration Contractors' 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.

Required Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements as a whole that collectively comprise the State Board of Refrigeration Contractors' basic financial statements. The Management's Discussion and Analysis, on pages 1 - 2 is presented for purposes of additional analysis and 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 required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Stancil PC

Raleigh, North Carolina
February 16, 2023

STATE BOARD OF REFRIGERATION CONTRACTORS

STATEMENT OF NET POSITION

DECEMBER 31, 2022

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 152,261
Prepaid Expenses	2,486
Total Current Assets	<u>154,747</u>

Noncurrent Assets:

Capital Assets, Net of Depreciation	3,978
Right of Use Assets	9,615
Total Noncurrent Assets	<u>13,593</u>

Total Assets

\$ 168,340

LIABILITIES AND NET POSITION

Current Liabilities:

Due to State Treasurer	\$ 17,773
Deferred Revenue	121,440
Lease Liabilities - Current	7,288
Total Current Liabilities	<u>146,501</u>

Lease Liabilities- Noncurrent

2,594

Total Liabilities

149,095

Net Position:

Net Investment in Capital Assets	3,978
Unrestricted Net Position	15,267
Total Net Position	<u>19,245</u>

Total Liabilities and Net Position

\$ 168,340

STATE BOARD OF REFRIGERATION CONTRACTORS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2022

Operating Revenues:

License Renewal Fees	\$ 121,440
CFC Certification Income	22,890
License Reinstatement Fees	12,840
New Licenses and Exam Fees	10,525
CFC Manual Income	560
Miscellaneous Income	384
Total Operating Revenues	<u>168,639</u>

Operating Expenses

Salaries	77,800
Audit, Legal Fees, and Investigative	11,500
Office Rent	10,700
Leases and Maintenance	10,110
Retirement Expense	7,200
Payroll Taxes	5,999
Board Meeting Expense	5,706
Postage	2,886
Travel	2,137
Employee Benefits	2,055
CFC Supplies	2,054
Utilities	1,948
Office Supplies	1,808
Credit Card and Bank Fees	1,404
Interest on Operating Lease Liabilities	947
Depreciation	890
Per Diem, Board Members	800
Miscellaneous	681
Total Operating Expenses	<u>146,625</u>

Operating Income

22,014

Change in Net Position

22,014

Net Position - Beginning of Year

(2,769)

Net Position - End of Year

\$ 19,245

STATE BOARD OF REFRIGERATION CONTRACTORS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

Cash Flows from Operating Activities:

Cash Received from Fees	\$ 167,739
Cash Payments to Employees and Board Members for Services	(99,560)
Cash Payments to Other Suppliers of Goods or Services	(46,235)
Net Cash Flows Provided by Operating Activities	<u>21,944</u>

Cash Flows from Investing Activities:

Purchases of Fixed Assets	(4,299)
Net Cash Flows (Used in) Investing Activities	<u>(4,299)</u>

Net Change in Cash 17,645

Cash - Beginning 134,616

Cash - Ending \$ 152,261

Reconciliation of Operating Income

to Net Cash Provided by Operating Activities:

Operating Income	\$ 22,014
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	890
Loss on Disposal of PP&E	618
Changes in Assets and Liabilities:	
Increase in Prepaid Expenses	(945)
Increase in Right of Use Assets	(9,615)
Increase in Deferred Revenue	(900)
Increase in Lease Liabilities	9,882
Net Cash Flows Provided by Operating Activities	<u><u>\$ 21,944</u></u>

STATE BOARD OF REFRIGERATION CONTRACTORS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

1. NATURE OF OPERATIONS:

The State Board of Refrigeration Contractors (the "Board") is an occupational licensing board and is authorized by Chapter 87, Article 5 of the NC General Statutes. The Board is responsible for the regulation and supervision of refrigeration contractors licensed under the laws of North Carolina. Income is primarily derived from license and exam fees.

The Governor appoints seven members of the Board: One member who is a wholesaler or manufacturer of refrigeration equipment. One member from an accredited engineering school located in NC. One member from the field of public health with an environmental science background from an accredited college or university in NC. Two members who are licensed refrigeration contractors. One member who has no ties with the construction industry to represent the interest of the public at large. One member with an engineering background in refrigeration. The term of office of one member expires each year. All of the members are subject to the State Government Ethics Act.

Reporting Entity

The Board is a component unit of the State of North Carolina. GASB Codification Section 2100 has defined the governmental reporting entity to be the State of North Carolina because the State exercises oversight responsibility in that the Governor and General Assembly appoint Board members, and public service is rendered within the State's boundaries. The accompanying financial statements present only the activity of the State Board of Refrigeration Contractors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation

The accompanying financial statements are presented 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.

STATE BOARD OF REFRIGERATION CONTRACTORS**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2022****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)****Basis of Accounting**

The Board presents a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Net Position; and a Statement of Cash Flows. These statements reflect entity-wide operations of the Board. The Board has no fiduciary or component units.

The financial statements report all activities of the Board using the economic resource measurement focus and the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recognized when incurred, if measurable.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Board. Other revenues and expenses are classified as non-operating in the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents represent highly liquid investments with original maturities of three months or less at date of purchase.

Concentrations

Custodial Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The Board places its cash and cash equivalents and certificates of deposits with a financial institution in the United States. Effective January 1, 2013, the Federal Deposit Insurance Corporation (FDIC) covers up to \$250,000 for substantially all depository accounts. The Board's checking accounts did not exceed these limits as of December 31, 2022. The Board's money market balance of \$28,359 is not covered by FDIC insurance.

Accounts Receivable

The Board records receivables for exam fees which are earned in advance of receipt. The Board recorded an allowance for doubtful accounts totaling \$0 for the year ended December 31, 2022, based on management's review of the collectability of specific accounts.

STATE BOARD OF REFRIGERATION CONTRACTORS**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2022****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)****Capital Assets**

Capital assets are recorded at cost. Capital assets that have a cost over \$500 are capitalized and are depreciated using the straight-line method over their useful lives. The Board uses five years as an estimated life for all of its equipment.

Depreciation expense totaled \$890 for the fiscal year ended December 31, 2022. Capital assets with a cost basis of \$20,739 had accumulated depreciation of \$16,761 as of December 31, 2022.

Accrued Vacation

The vacation leave policy of the Board provides for accumulation of earned vacation leave with such leave being fully vested when earned. Since vacation leave is payable to employees at termination, a liability for the outstanding balances has been recorded. That portion of accrued vacation that is estimated to be used in the next fiscal year has been designated as a current liability in the financial statements. Accrued vacation as of December 31, 2022 is \$0.

Leases

The Board calculates operating lease liabilities with the Prime Bank Loan rate, using a comparable period with the lease term. All lease and non-lease components are combined for all leases. Lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease with no lease right of use asset or liability recognized.

Deferred Revenue

The renewal cycle begins in September for licenses. Business license renewals are for one year. If they are received prior to December 31, the revenue is deferred until the following year to which it relates.

Income Taxes

The Board is a component of the State of North Carolina and is consequently exempt from federal and state income taxes.

STATE BOARD OF REFRIGERATION CONTRACTORS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

2. 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 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.

Change in Accounting Principle

The Organization adopted the Government Accounting Standards Board (GASB) Statement No. 87, Leases (GASB 87) as of January 1, 2022. The update requires lessees to concurrently recognize a right of use asset and a related lease liability on the statement of financial position for all leases with terms longer than 12 months. The lessee will amortize the value of the right of use asset in a systematic manner over the period of the shorter period of the lease term or the useful life of the asset. The lessee will also recognize interest expense over time based on the current balance of the lease and the implicit interest rate charged to the lessee. Leases with 12 months or less will not record a right of use asset and lease liability and the payments will be recognized into expense on a straight-line basis over the lease term.

Retrospective application is required for prior years under GASB 87 by restating financial statements for all periods presented. The adoption of GASB 87, Leases, did not financially impact the balances at January 1, 2022 and as such no adjustments were made to net position for 2021.

3. CAPITAL ASSETS:

	Cost		Retirements/	Cost	Accumulated	Net
	December 31,	Acquisitions	Disposals	December 31,	Depreciation	Amount
	2021			2022		
Furniture and						
Equipment	\$ 19,291	\$ 4,299	\$ (2,851)	\$ 20,739	\$ (16,761)	\$3,978
	\$ 19,291	\$ 4,299	\$ (2,851)	\$ 20,739	\$ (16,761)	\$3,978

STATE BOARD OF REFRIGERATION CONTRACTORS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

4. NET POSITION:

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation.

Unrestricted Net Position - This component of net position consists of net assets that do not meet the definition of restricted or invested in capital assets.

5. CFC CERTIFICATION PROGRAM:

In 1994, the Board was approved to administer the technician certification program in the State of North Carolina under Section 608 of the Clean Air Act issued by the Environmental Protection Agency. CFC Certification Income and CFC Manual Income is recognized by the Board in the period it is earned. A breakdown of revenue and expenses is as follows:

	<u>2022</u>
CFC Certification and CFC Manual Income	\$ 23,450
CFC Expenses:	
Supplies	<u>2,054</u>
Total CFC Expenses	<u>2,054</u>
Net CFC Income	<u><u>\$ 21,396</u></u>

6. STATUTORY REQUIREMENTS:

Chapter 87, Article 5, of the General Statutes of North Carolina provides that after the payment of all necessary expenditures from license fees earned, the Board retains 25% of any excess, and pays the remaining 75% to the State Treasurer. The board did not experience net income from operations excluding CFC Income, Exam Fees, and Miscellaneous Income for the year ended December 31, 2022. As of December 31, 2022, the Board owes the State Treasurer an amount of \$17,773 based on an Excess from Operations for the year ended December 31, 2021. Therefore, no additional amount is due to the State Treasurer for the year ended December 31, 2022.

STATE BOARD OF REFRIGERATION CONTRACTORS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

6. STATUTORY REQUIREMENTS: (Continued)

A breakdown of the net income from operations is as follows:

	<u>2022</u>
Excess of revenues over expenditures	\$ 22,014
Less: CFC Income	(23,450)
Less: Exam Fees	(7,200)
Less: Miscellaneous Income	(384)
Income from Normal Operations	<u>\$ (9,020)</u>

7. LEASE COMMITMENTS:

Operating Leases

The Board rents office space on a month-to-month basis for \$800 per month.

In February 2021, the Board entered into a copier lease at \$445 per month for 36 months.

In January 2020, the Board entered into a postage meter lease. Payments required under the lease are \$170 per month for 60 months.

Right of use assets represented one copier lease for \$5,860 (\$15,488 net of \$9,628 lease amortization) and one postage meter machine for \$3,754 (\$6,457 net of \$2,703 lease amortization) as of December 31, 2022.

STATE BOARD OF REFRIGERATION CONTRACTORS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

7. LEASE COMMITMENTS: (Continued)

Operating Leases (Continued)

For the year ended December 31, 2022, the Board recognized rent expense associated with leases as follows:

Lease expense	Year Ending 12/31/2022
Amortization expense by class of underlying asset	
Copy Machine	\$ 5,023
Equipment	1,802
Total amortization expense	6,825
Interest on lease liabilities	947
Short term lease expense	10,700
Total	\$ 18,472

The Board paid \$6,825 for amounts included in the measurement of lease liabilities for the year ended December 31, 2022. These amounts are included in operating cash flows from operating activities on the statements of cash flows. Additions to right to use assets obtained from new operating lease liabilities totaled \$0 for the year December 31, 2022. The Organization also paid short term lease expenses of \$10,700 for the year ended December 31, 2022.

The following is a schedule of the maturities and future minimum lease payments due under operating leases by year as of December 31, 2022:

	Principal	Interest	Total Payments
Year Ending 2023	\$ 7,288	\$ 479	\$ 7,767
Year Ending 2024	2,425	92	2,517
Year Ending 2025	169	1	170
Total Future Payments	\$ 9,882	\$ 572	\$ 10,454

The weighted average discount rate associated with operating leases as of December 31, 2022 is 7.27%.

STATE BOARD OF REFRIGERATION CONTRACTORS**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2022****8. 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 disaster. 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.

9. RETIREMENT PLAN:

The Board contributed \$7,200 towards employee retirement accounts in the year ended December 31, 2022.

10. GOING CONCERN:

Management identified conditions as of December 31, 2022 that raised substantial doubt about the Board's ability to continue as a going concern. The Board has been engaging in cutbacks to counteract significant net losses for the last several years as a result of operating income not being sufficient to support the increasing costs of operational activities. Management subsequently evaluated that these conditions were significant and would impede the Board's ability to meet its future obligations within the coming year. Management has enacted the following plans to alleviate the concerns.

Management has decreased staff hours as of January 1, 2022. The reduction of staff hours significantly reduced expenses for the Board; however, the Board owes the State Treasurer funds because of a Statutory Requirement for excess of revenues over expenditures. This significantly reduces the working capital for the Board for the financial statements as of December 31, 2022.

11. EVENTS OCCURRING AFTER REPORTING DATE:

The Board has evaluated events and transactions that occurred between December 31, 2022 and February 16, 2023, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

STATE BOARD OF REFRIGERATION CONTRACTORS**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2022****12. COST OF AUDIT:**

The number of hours used in conducting the audit and in preparation of the audit report for the year ended December 31, 2022 is approximately 60. The total cost of conducting the audit and preparing the audit report for the year ended December 31, 2022 is \$6,000.



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