

**NORTH CAROLINA BOARD OF EXAMINERS FOR SPEECH AND LANGUAGE
PATHOLOGISTS AND AUDIOLOGISTS**

**Financial Statements for the
Year Ended September 30, 2023 and
Independent Auditor's Report**

**NORTH CAROLINA BOARD OF EXAMINERS FOR SPEECH AND LANGUAGE
PATHOLOGISTS AND AUDIOLOGISTS**

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Year Ended September 30, 2023 and
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BOARD MEMBERS

Nicole V. Jeffcoate, Speech-Language Pathologist, Chair

Douglas Garrison, Au.D., Audiologist

Elizabeth Roberts Maynor, Speech-Language Pathologist

Eileen M. Raynor, M.D.

Sherri L. Smith, PhD, Audiologist

Brenda Fairfax, Ed.D., Public Member

MaryJane Richardson, J.D., Public Member

EXECUTIVE OFFICER

Denise S. Brown, Executive Director

LEGAL COUNSEL

Nahale Freeland Kalfas

**NORTH CAROLINA BOARD OF EXAMINERS FOR SPEECH AND LANGUAGE
PATHOLOGISTS AND AUDIOLOGISTS**

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NORTH CAROLINA BOARD OF EXAMINERS FOR SPEECH AND LANGUAGE PATHOLOGISTS AND AUDIOLOGISTS

Management's Discussion and Analysis

Introduction

The North Carolina Board of Examiners for Speech and Language Pathologists and Audiologists (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 established to maintain minimum standards for services provided by speech and language pathologists and audiologists. The Board's operations are financed with self-generated revenues from fees charged to licensees.

Overview of the Financial Statements

This financial report consists of two sections: Management's Discussion and Analysis and the Financial Statements. The Board has no other supplementary information required by the Governmental Accounting Standards Board (GASB). The Financial Statements also include notes to the financial statements that provide detail of the information included in the 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 Statement of Net Position presents the current and long-term portions of assets and liabilities separately. The Statement of Revenues, Expenses, and Changes in Net Position presents information on how the Board's assets changed as a result of its operations. The Statement of Cash Flows presents information on how the Board's cash changed as a result of its financial activities.

NORTH CAROLINA BOARD OF EXAMINERS FOR SPEECH AND LANGUAGE PATHOLOGISTS AND AUDIOLOGISTS

Management's Discussion and Analysis

This section of the Board's financial report represents Management's analysis of the Board's financial performance during the year ended September 30, 2023. Please read it in conjunction with the financial statements which follow this section.

Financial Analysis

Net position is an indicator of the fiscal health of the Board. Net position consists of net assets invested in capital assets, and unrestricted net assets. Investment in capital assets is a component of net position and consists of capital assets net of depreciation. Assets exceeded liabilities by \$1,221,732 for the year ended September 30, 2023. Assets exceeded liabilities by \$1,194,208 for the year ended September 30, 2022. The largest component of net position was cash and investments. Cash and investments represented 120.67% of total net position for the year ended September 30, 2023. Cash and investments represented 104.08% of total net position for the year ended September 30, 2022. During 2023, the Board's net position increased by \$27,524, or 2.30%, due primarily to the Board's operating revenues exceeding its operating expenses.

Current assets consist of cash and cash equivalents, and prepaid expenses. The Board directed additional funds to certificates of deposit during the fiscal year ended September 30, 2023; therefore, current assets decreased by \$144,825, or 12.32%.

Noncurrent assets consist of capital assets (net of accumulated depreciation), and long-term investments. Noncurrent assets increased by \$198,070, or 71.91%. Capital assets did not significantly change. The increase in noncurrent assets was primarily due to the Board investing additional funds in certificates of deposit during the fiscal year ended September 30, 2023.

Current liabilities consist of accounts payable, accrued leave, payroll liabilities, retirement payable, and unearned revenue. Long-term liabilities consist of accrued leave not expected to be used within the next twelve months after year end. Total liabilities increased by \$21,840, or 7.75%, due primarily to an increase in unearned revenues.

The following is a summary of the Statements of Net Position.

	Current Year as of September 30, 2023	Prior Year as of September 30, 2022	Amount of Change	Percentage Change
Current assets	\$ 1,030,335	\$ 1,175,160	\$ (144,825)	-12.32%
Capital assets, net	21,474	25,355	(3,881)	-15.31%
Other assets	473,494	275,424	198,070	71.91%
Total assets	<u>\$ 1,525,303</u>	<u>\$ 1,475,939</u>	<u>\$ 49,364</u>	<u>3.34%</u>
Current liabilities	\$ 292,057	\$ 270,475	\$ 21,582	7.98%
Long-term liabilities	11,514	11,256	258	2.29%
Total liabilities	<u>\$ 303,571</u>	<u>\$ 281,731</u>	<u>\$ 21,840</u>	<u>7.75%</u>
Invested in capital assets	\$ 21,474	\$ 25,355	\$ (3,881)	-15.31%
Unrestricted	1,200,258	1,168,853	31,405	2.69%
Total net position	<u>\$ 1,221,732</u>	<u>\$ 1,194,208</u>	<u>\$ 27,524</u>	<u>2.30%</u>

NORTH CAROLINA BOARD OF EXAMINERS FOR SPEECH AND LANGUAGE PATHOLOGISTS AND AUDIOLOGISTS

Management's Discussion and Analysis

During 2023, the operating revenues of the Board increased by \$38,490, or 7.11%, due primarily to an increase in renewal fees. The following is a breakdown of operating revenues by source.

	The year ended September 30, 2023	The year ended September 30, 2022	Amount of Change	Percentage Change
License renewal fees	\$ 470,760	\$ 434,460	\$ 36,300	8.36%
Permanent license fees	29,820	34,200	(4,380)	-12.81%
Speech assistant fees	25,120	22,020	3,100	14.08%
Incorporation certificates	5,400	5,350	50	0.93%
Delinquent fees	4,050	4,350	(300)	-6.90%
Temporary license fees	12,520	10,200	2,320	22.75%
Application fees	23,550	21,900	1,650	7.53%
Verification fees	7,425	7,215	210	2.91%
Wall and duplicate certificates	520	780	(260)	-33.33%
Label sales	800	1,000	(200)	-20.00%
Total	<u>\$ 579,965</u>	<u>\$ 541,475</u>	<u>\$ 38,490</u>	<u>7.11%</u>

During 2023, the operating expenses of the Board increased by \$47,015, or 9.28%, due primarily to an increase in payroll expenses and professional development. The following is a breakdown of operating expenses.

	The year ended September 30, 2023	The year ended September 30, 2022	Amount of Change	Percentage Change
Salaries and wages (incl leave and payroll taxes)	\$ 262,109	\$ 231,384	\$ 30,725	13.28%
Benefits (incl retirement & health insurance)	59,835	55,202	4,633	8.39%
Board members per diem	8,800	8,300	500	6.02%
Professional development	15,130	4,515	10,615	235.11%
Office supplies and expenses	14,972	16,360	(1,388)	-8.48%
Professional (incl legal & audit)	31,893	43,718	(11,825)	-27.05%
Computer support	1,332	1,332	0	0.00%
Database expense	44,750	43,875	875	1.99%
Website expenses	1,885	2,236	(351)	-15.70%
Travel, hotels, and meals	13,947	15,344	(1,397)	-9.10%
Printing and copying	5,164	3,281	1,883	57.39%
Postage	14,023	5,423	8,600	158.58%
Telephone	7,108	5,939	1,169	19.68%
Bank charges	17	17	0	0.00%
Depreciation	9,246	8,562	684	7.99%
Commercial insurance	27,240	27,919	(679)	-2.43%
Office space	34,043	31,424	2,619	8.33%
Miscellaneous	1,967	1,615	352	21.80%
Total	<u>\$ 553,461</u>	<u>\$ 506,446</u>	<u>\$ 47,015</u>	<u>9.28%</u>

NORTH CAROLINA BOARD OF EXAMINERS FOR SPEECH AND LANGUAGE PATHOLOGISTS AND AUDIOLOGISTS

Management's Discussion and Analysis

During 2023, the non-operating revenues of the Board increased by \$114, or 12.58%, due to a gain on disposition of capital assets. The following is a breakdown of non-operating revenues by source.

	The year ended September 30, 2023	The year ended September 30, 2022	Amount of Change	Percentage Change
Interest income	\$ 922	\$ 1,039	\$ (117)	-11.26%
Gain (loss) on disposition(s)	98	(133)	231	-100.00%
Total	<u>\$ 1,020</u>	<u>\$ 906</u>	<u>\$ 114</u>	<u>12.58%</u>

The following is a schedule that compares capital assets for the fiscal years 2023 and 2022.

	The year ended September 30, 2023	The year ended September 30, 2022	Amount of Change	Percentage Change
Office furn/equip	\$ 90,267	\$ 85,385	\$ 4,882	5.72%
Less accumulated depr.	<u>(68,793)</u>	<u>(60,030)</u>	<u>(8,763)</u>	<u>14.60%</u>
Total net capital assets	<u>\$ 21,474</u>	<u>\$ 25,355</u>	<u>\$ (3,881)</u>	<u>-15.31%</u>

Events Affecting Future Operations

The Board is not aware of any significant events that may affect future operations of the Board which are reportable pursuant to GASB reporting requirements. The Board anticipates that revenues and expenses of the Board in the upcoming year will be comparable to preceding years.

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. If you have any questions about this report or need additional information, contact the North Carolina Board of Examiners for Speech and Language Pathologists and Audiologists, P.O. Box 16885, Greensboro, North Carolina 27416.

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INDEPENDENT AUDITOR'S REPORT

Members of the Board
North Carolina Board of Examiners for Speech and Language Pathologists and Audiologists
Greensboro, North Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the North Carolina Board of Examiners for Speech and Language Pathologists and Audiologists (Board), an independent state board which is a nonmajor enterprise fund of the primary government of the State of North Carolina, as of and for the years ended September 30, 2023, and the related notes to the financial statements, which comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the accompanying financial statements present fairly, in all material respects, the respective financial position of the North Carolina Board of Examiners for Speech and Language Pathologists and Audiologists as of September 30, 2023, and the results of its operations, changes in financial position, and 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 (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 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

The Board's 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 one year after the date that the financial statements are issued.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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.
- 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.

INDEPENDENT AUDITOR'S REPORT (CONCLUDED)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.



Hawley, C.P.A., P.A.

Angier, North Carolina

January 19, 2024

**NORTH CAROLINA BOARD OF EXAMINERS FOR SPEECH AND LANGUAGE
PATHOLOGISTS AND AUDIOLOGISTS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

	<u>September 30, 2023</u>
	<u>Proprietary-Enterprise Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents (Notes 1 and 2)	\$ 1,000,724
Prepaid expenses (Note 1)	29,611
Total current assets	<u>1,030,335</u>
Capital assets:	
Office furniture and equipment, net of depreciation (Notes 1 and 3)	21,474
Total capital assets - net	<u>21,474</u>
Other assets:	
Investments (Notes 1 and 2)	473,494
Total other assets	<u>473,494</u>
TOTAL ASSETS	<u><u>\$ 1,525,303</u></u>
LIABILITIES AND NET POSITION	
Current liabilities:	
Accounts payable (Note 4)	\$ 12,715
Retirement payable (and related withholding)	5,737
Accrued compensated leave-current portion (Notes 1 and 6)	9,420
Payroll liabilities	4,805
Unearned revenue (Note 1)	259,380
Total current liabilities	<u>292,057</u>
Long-term liabilities:	
Accrued compensated leave-long term portion (Notes 1 and 6)	11,514
Total long term debt	<u>11,514</u>
TOTAL LIABILITIES	<u><u>303,571</u></u>
NET POSITION (NOTE 1)	
Net investment in capital assets	21,474
Unrestricted net position	1,200,258
TOTAL NET POSITION	<u><u>1,221,732</u></u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 1,525,303</u></u>

See notes to financial statements.

**NORTH CAROLINA BOARD OF EXAMINERS FOR SPEECH AND LANGUAGE
PATHOLOGISTS AND AUDIOLOGISTS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

	2023
	Proprietary-Enterprise Fund
OPERATING REVENUES:	
Fees, licenses and fines:	
License renewal fees	\$ 470,760
Permanent license fees	29,820
Speech assistant fees	25,120
Incorporation certificates	5,400
Delinquent fees	4,050
Temporary license fees	12,520
Application fees	23,550
Verification fees	7,425
Wall certificates and duplicate certificates	520
Sales and services:	
Label sales	800
Total operating revenues	\$ 579,965
OPERATING EXPENSES:	
Personal services (and board members expenses):	
Salaries and wages (including accumulated leave)	\$ 243,362
Payroll taxes	18,747
Retirement (Note 7)	16,748
Health insurance (Note 9)	43,087
Board members expenses - per diem	8,800
Professional development expenses	15,130
Supplies and materials:	
Office supplies and expenses	13,508
Services:	
Legal fees (including disciplinary hearing expenses)	21,898
Audit and accounting fees	9,995
Computer support	1,332
Database expense	44,750
Website design expenses	1,885

See notes to financial statements.

**NORTH CAROLINA BOARD OF EXAMINERS FOR SPEECH AND LANGUAGE
PATHOLOGISTS AND AUDIOLOGISTS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

	2023
	Proprietary-Enterprise Fund
OPERATING EXPENSES (CONTINUED):	
Travel, motels, and meals (including related costs)	13,947
Printing and copying	5,164
Postage	15,487
Telephone	7,108
Bank charges	17
Depreciation	9,246
Commercial insurance (Note 9)	27,240
Other expenses:	
Office space (Note 5)	34,043
Miscellaneous expenses	1,967
Total operating expenses	<u>\$ 553,461</u>
Operating income (loss)	\$ 26,504
NON-OPERATING REVENUES (EXPENSES)	
Interest income	\$ 922
Gain (loss) on disposition of capital asset	98
Total non-operating revenues	<u>\$ 1,020</u>
Change in net position	<u>\$ 27,524</u>
Net position - beginning of year	<u>1,194,208</u>
Net position - end of year	<u><u>\$ 1,221,732</u></u>

See notes to financial statements.

**NORTH CAROLINA BOARD OF EXAMINERS FOR SPEECH AND LANGUAGE
PATHOLOGISTS AND AUDIOLOGISTS
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2023**

	2023
	Proprietary-Enterprise Fund
Cash flows from operating activities:	
Cash received from fees	\$ 591,605
Cash payments to employee(s) for services	(211,642)
Cash payments for operating expenses	(321,859)
Net cash provided (used) by operating activities	<u>\$ 58,104</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	\$ (5,393)
Net cash used in capital and related financing activities	<u>\$ (5,393)</u>
Cash flows from investing activities:	
Interest income	\$ 922
Transfers to investments	(200,271)
Net cash provided (used) by investing activities	<u>\$ (199,349)</u>
Net increase (decrease) in cash	<u>\$ (146,638)</u>
Cash - beginning of year	<u>1,147,362</u>
Cash - end of year	<u><u>\$ 1,000,724</u></u>
Reconciliation of operating income	
to net cash provided by operating activities:	
Operating income (loss)	<u>\$ 26,504</u>
Adjustments to reconcile operating income	
to net cash provided by operating activities:	
Depreciation	\$ 9,246
Changes in assets and liabilities:	
Prepaid expense	(1,813)
Accounts payable	3,642
Payroll related liabilities	8,885
Unearned revenue	11,640
Total adjustments	<u>\$ 31,600</u>
Net cash provided (used) by operating activities	<u><u>\$ 58,104</u></u>

See notes to financial statements.

**NORTH CAROLINA BOARD OF EXAMINERS FOR SPEECH AND LANGUAGE
PATHOLOGISTS AND AUDIOLOGISTS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2023**

Note 1 - Nature of Activities and Significant Accounting Policies

Description of Organization and Purpose

The North Carolina Board of Examiners for Speech and Language Pathologists and Audiologists (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 speech and language pathologists and audiologists.

The Board's operations are financed with self-generated revenues from fees charged to licensees.

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 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). 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 Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards.

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.

**NORTH CAROLINA BOARD OF EXAMINERS FOR SPEECH AND LANGUAGE
PATHOLOGISTS AND AUDIOLOGISTS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2023**

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

Basis of Accounting

The basic financial statements of the Board are prepared using the economic resource measurement focus and the accrual basis of accounting. The economic resource measurement focus measures all assets that are available to the entity, not only cash or soon to be assets. Both long-term assets and long-term liabilities are measured and depreciation is recorded as a cost of operations. 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 cash flows. Fees received for the various licenses are deemed earned when the license period begins.

The Statement of Revenues, Expenses, and Changes in Net Position classifies the Board's revenues as operating or non-operating revenues. Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Board. Operating revenues consist primarily of license fees and includes activities that have characteristics of exchange transactions. Operating expenses are all expense transactions incurred other than those related to capital and noncapital financing or investing activities as defined by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Non-operating revenues and expenses consist of those revenues and expenses that are related to investing, capital, and non-capital financing activities; and are classified as non-operating in the financial statements.

Cash and Cash Equivalents

This classification includes undeposited receipts, petty cash, checking accounts and time deposits (excluding certain certificates of deposit, if any) held by the Board.

Investments

The Board is authorized to invest in idle funds in accordance with North Carolina General Statutes. This classification consists of certificates of deposits held by the Board for investment. Certificates of deposit are reported at cost. The Board only held non-negotiable certificates of deposit at September 30, 2023.

Prepaid Expense

This classification includes expense which was prepaid at year end for commercial insurance coverage, postage and membership dues.

**NORTH CAROLINA BOARD OF EXAMINERS FOR SPEECH AND LANGUAGE
PATHOLOGISTS AND AUDIOLOGISTS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2023**

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

Capital Assets

Office furniture and equipment are stated at cost and are being depreciated over their useful lives on a straight-line basis. The Board capitalizes assets that have a value or cost of \$100 or greater at the date of acquisition and an estimated useful life of more than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the assets generally estimated as follows: office furniture and equipment, 5 to 10 years.

Noncurrent Long-Term Liabilities

Noncurrent long-term liabilities include the long-term portion of compensated absences.

Compensated Absences

After meeting the years of aggregate service qualification period worked requirements and other Board requirements, Board employees accumulate paid time off leave (which is not specified as either vacation leave or sick leave). Accumulation of paid time off leave is cumulative up to 560 hours and may be used during the year, or be paid out at termination or retirement from the Board at fifty percent of paid time off leave accumulated. Paid time off leave in the amount of fifty percent of accumulated paid time off leave is accrued as a liability at year end because of this maximum payout of fifty percent provision, and because historically employees do not on average use more than fifty percent of accumulated paid time off leave during a usual year. Accordingly, accumulated earned compensated leave payable at September 30, 2023 consisted of the following:

	<u>September 30, 2023</u>
Current portion	\$ 9,420
Long-term portion	<u>11,514</u>
Total	<u>\$ 20,934</u>

Since the Board has no definitive obligation for the accumulated paid time off leave in excess of fifty percent of accumulated paid time off leave until it is actually taken, or until a decision is made to take a payout, either through termination or retirement, no accrual for fifty percent of paid time off leave has been made. Accordingly, the Board has a contingent liability for paid time off leave in the amount of \$20,466 at September 30, 2023.

Unearned Revenue

The Board's licensing term is on an annual basis, which begins with each respective licensee's inception date, and ends on each respective licensee's subsequent year anniversary date. Licenses are renewed for a period of one year. License fees are deferred and recognized as revenue over the period to which they relate.

**NORTH CAROLINA BOARD OF EXAMINERS FOR SPEECH AND LANGUAGE
PATHOLOGISTS AND AUDIOLOGISTS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2023**

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

Net Position

Investment in capital assets - This component of net position consists of total investment in capital assets, net of accumulated depreciation, and reduced by the outstanding liabilities (if any) related to those capital assets.

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 restrictions imposed by external parties. The Board had no *restricted net position*.

Unrestricted net position - This component of net position consists of net position that does not meet the definition of *restricted or investment in capital assets*. The Board has designated a reserve for legal expenses in the amount of \$244,791, a reserve for consumer and licensee education expenses in the amount of \$28,000, and a reserve for expenses related to the potential enactment of the Audiology & Speech-Language Pathology Interstate Compact agreement in North Carolina (an interstate agreement between states that offers a pathway for licensure to qualified audiologists and speech-language pathologists who wish to practice in multiple states) in the amount of \$150,000, for the year ended September 30, 2023, for its unrestricted net position.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 - Deposits and Investments

All of the Board's deposits which are uninsured are uncollateralized [unless collateralized pursuant to NCGS 159-31 and NC Administrative Code (20 NCAC 7)] by the financial institution holding said deposits. For deposits, custodial credit risk is the risk that in the event of the failure of the depository (or counterparty), the Board will not be able to recover the value of its deposits that are in the possession of the outside party. The Board does not have formal written policies regarding custodial credit risk for deposits.

At September 30, 2023, the Board's deposits had a carrying amount of \$1,474,218 and a bank balance of \$1,483,613. Of the bank balance, \$770,355 was covered by federal depository insurance (FDIC), \$250,000 was insured by the National Credit Union Administration (NCUA), and \$463,258 was uninsured and uncollateralized [unless collateralized pursuant to NC Administrative Code (20 NCAC 7)]. Certificates of deposit in the amount of \$473,494 are considered time deposits for this disclosure and are classified as investments on the Statement of Net Position.

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Note 2 - Deposits and Investments (Continued)

The Board is subject to the following risks:

Interest rate risk - Interest rate risk is defined by GASB Statement No. 40, Deposit and Investment Risk Disclosures – An Amendment of GASB Statement No. 3, is the risk a government may face should interest rate variances affect the value of investments. The Board's present policy for managing interest rate risk is to limit its investments to certificates of deposits with maturities of no more than 60 months.

Credit risk - Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. Investments of the Board are subject to the statutory requirements of North Carolina General Statutes; however, the Board's present policy for managing credit risk is to limit its investments to certificates of deposits with maturities of no more than 60 months.

The following table presents the investments by type and investments subject to interest rate risk and credit risk at September 30, 2023.

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturities</u>	<u>Ratings</u>
Certificates of Deposit	\$ 473,494	14 Months	N/A

Certificates of deposit reported as investments are also a component of the deposit totals reported in the deposits section of this note.

Reconciliation of Deposits and Investments

A reconciliation of deposits and investments for the Board to the basic financial statements at September 30, 2023 is as follows:

	<u>September 30, 2023</u>
Carrying Amount of Bank Deposits- Checking and Money Market	\$ 1,000,724
Certificates of Deposit	473,494
Total Deposits and Investments	<u>\$ 1,474,218</u>
Current:	
Cash and Cash Equivalents	\$ 1,000,724
Noncurrent:	
Investments	473,494
Total Deposits and Investments	<u>\$ 1,474,218</u>

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Note 3 - Capital Assets

Changes in capital assets as of and for the year ended September 30, 2023 is as follows:

	Cost at 9-30-2022	Increases	Decreases	Cost 9-30-2023	Accum Depr	Net Amount
Office/comp equip	85,385	5,393	(511)	90,267	68,793	21,474
	<u>\$ 85,385</u>	<u>\$ 5,393</u>	<u>\$ (511)</u>	<u>\$ 90,267</u>	<u>\$ 68,793</u>	<u>\$ 21,474</u>

When an asset is disposed of, the cost of the asset and the related accumulated depreciation is removed from the books. Any gain or loss on disposition is reflected in earnings for the period. Depreciation expense was \$9,246 for the fiscal year ended September 30, 2023.

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.

	September 30, 2023
Due to Vendors	<u>\$ 12,715</u>
Total Accounts Payable	<u>\$ 12,715</u>

Note 5 - Office Space

During the fiscal year ended September 30, 2023, the Board rented office space. The Board has evaluated its lease agreement and determined it does not meet the requirements of GASB No. 87.

Note 6 - Non-Current Liabilities

A summary of changes in non-current liabilities for the year ended September 30, 2023 follows:

	Balance 9-30-2022	Additions	Deletions	Balance 9-30-2023	Current	Non-Current
Compensated absences	<u>\$ 20,466</u>	<u>\$ 14,745</u>	<u>\$ 14,277</u>	<u>\$ 20,934</u>	<u>\$ 9,420</u>	<u>\$ 11,514</u>
	<u>\$ 20,466</u>	<u>\$ 14,745</u>	<u>\$ 14,277</u>	<u>\$ 20,934</u>	<u>\$ 9,420</u>	<u>\$ 11,514</u>

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Note 7 - Retirement Plan(s) and Postemployment Benefits Other Than Retirement Plan(s)

Salary Reduction Simplified Employee Pension Plan

On January 1, 1997, the Board entered into a Salary Reduction Simplified Employee Pension (SARSEP) plan agreement on behalf of eligible employee(s) of the Board. Four employees are covered under the plan at September 30, 2023, one management employee and three clerical staff employees. Only the Board contributes to the plan, and only the Board has the authority to authorize and amend the plan. There are no forfeitures inuring to other employees under this type plan. The Board's payroll for employee(s) covered by the plan for the year ended September 30, 2023 was \$209,350; the Board's total payroll was \$243,362. The Board's pension contribution amounted to \$16,748 for 2023 (8% of covered compensation). The Board's payroll for employee(s) covered by the plan for the year ended September 30, 2022 was \$188,663; the Board's total payroll was \$214,941. The Board's pension contribution amounted to \$15,093 for 2022 (8% of covered compensation). The Board had no contingent liabilities to the plan at September 30, 2023 and 2022. The Board assumes no liability for retiree benefits provided by this program other than its required contributions. The Board has no postemployment benefits other than this defined contribution retirement plan. There were voluntary contributions to the plan by employees to the plan in the amount of \$13,986 (5%-8% of covered compensation) for the year ended September 30, 2023 and \$11,406 (5%-8% of covered compensation) for the year ended September 30, 2022.

Note 8 - 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 does not materially affect the Board's operations, changes in financial position, or cash flows for the year herein ended.

Note 9 - 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 certain state-administered risk programs and self retention of certain risks. Additionally, 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 coverage in the prior year, and no insurance claims (other than claims by employees for health coverage) were filed during the last three fiscal years.

Note 10 - Subsequent Events

Subsequent events have been evaluated through January 19, 2024, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

This audit required approximately 96 hours at a cost of \$9,995.