

**NORTH CAROLINA INTERPRETER AND TRANSLITERATOR LICENSING BOARD**

**Financial Statements for the  
Years Ended September 30, 2023 and 2022 and  
Independent Auditor's Report**

# **NORTH CAROLINA INTERPRETER AND TRANSLITERATOR LICENSING BOARD**

## **Financial Statements for the Years Ended September 30, 2023 and 2022 and Independent Auditor's Report**

### **BOARD MEMBERS (2022-2023)**

Beverly Woodel, Chairperson

Mark Lineberger, Vice-Chairperson

Lauren Pruett, Secretary

David Litman, Treasurer

Nicole Alleman

Lynn Cooper

Alicia Griffin

Dianne Shearer

Pamela White

### **EXECUTIVE OFFICER**

Caitlin Schwab-Falzone, Board Administrator

### **LEGAL COUNSEL**

North Carolina Department of Justice

# **NORTH CAROLINA INTERPRETER AND TRANSLITERATOR LICENSING BOARD**

## **TABLE OF CONTENTS**

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	<u>Page</u>
MANAGEMENT’S DISCUSSION AND ANALYSIS	1 - 4
INDEPENDENT AUDITOR’S REPORT	5 - 7
FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022	
Statements of Net Position	8
Statements of Revenues, Expenses and Changes in Net Position	9
Statements of Cash Flows	10
Notes to Financial Statements	11 - 16

# **NORTH CAROLINA INTERPRETER AND TRANSLITERATOR LICENSING BOARD**

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

### **Introduction**

The North Carolina Interpreter and Transliterators Licensing Board (the "Board") is an independent State board. It is an occupational licensing board and is authorized by Chapter 90D of the North Carolina General Statutes. The Board is established to maintain minimum standards for services provided by interpreters and transliterators. The Board's operations are financed with self-generated revenues from fees charged to licensees.

This section of the Board's financial report represents Management's analysis of the Board's financial performance during the years ended September 30, 2023 and 2022. Please read it in conjunction with the financial statements which follow this section.

### **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 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.

# NORTH CAROLINA INTERPRETER AND TRANSLITERATOR LICENSING BOARD

## 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 years ended September 30, 2023 and 2022. 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. Assets exceeded liabilities by \$149,274 for the year ended September 30, 2023; and \$170,325 for the year ended September 30, 2022. The largest component of net position was cash and cash equivalents. Cash and cash equivalents represented 151.08% of total net position for the year ended September 30, 2023; and 139.37% of total net position for the year ended September 30, 2022. During 2023, the Board's net position decreased by \$21,051, or 12.36%, due primarily to expenses in excess of revenues. During 2022, the Board's net position increased by \$2,556, or 1.52%, due primarily to an annual recurrence of revenues in excess of expenses.

Current assets consist of cash and cash equivalents, and prepaid expense for the year ended September 30, 2023. Current assets consist of cash and cash equivalents, and prepaid expense for the year ended September 30, 2022.

Noncurrent assets consist of capital assets (net of accumulated depreciation) and a right-to-use subscription asset (net of accumulated amortization) for the year ended September 30, 2023. During the fiscal year ended September 30, 2023, the Board entered a SBITA for the right-to-use information technology software and cloud computing arrangement (network) asset from an external party. The subscription liability and the related right-to-use subscription asset are recorded based on the present value of expected payments over the term of the respective SBITA. Noncurrent assets consist of capital assets (net of accumulated depreciation) for the year ended September 30, 2022.

Current liabilities consist of accounts payable, due to other state agencies, current subscription software payable, and unearned revenue; and the non-current liability consists of a long-term subscription software payable for the year ended September 30, 2023. Current liabilities consist of accounts payable, due to other state agencies, and unearned revenue for the year ended September 30, 2022. The Board had no long-term liabilities for the year ended September 30, 2022.

Net position consists of net assets invested in capital assets and unrestricted net assets. Net investment in capital assets is a component of net position and consists of capital assets (net of accumulated depreciation) and a right-to-use subscription asset (net of accumulated amortization) and reduced by outstanding liabilities related to those capital assets.

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	\$ 229,608	\$ 241,456	\$ (11,848)	-4.91%
Noncurrent assets	19,514	100	19,414	19414.00%
Total assets	<u>\$ 249,122</u>	<u>\$ 241,556</u>	<u>\$ 7,566</u>	<u>3.13%</u>
Current liabilities	\$ (90,137)	\$ (71,231)	\$ (18,906)	26.54%
Non-current liabilities	(9,711)		(9,711)	-100.00%
Total liabilities	<u>\$ (99,848)</u>	<u>\$ (71,231)</u>	<u>\$ (28,617)</u>	<u>40.17%</u>
Net investment in capital assets	\$ 100	\$ 100	\$ 0	0.00%
Unrestricted	149,174	170,225	(21,051)	-12.37%
Total net position	<u>\$ 149,274</u>	<u>\$ 170,325</u>	<u>\$ (21,051)</u>	<u>-12.36%</u>

# NORTH CAROLINA INTERPRETER AND TRANSLITERATOR LICENSING BOARD

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Financial Analysis (Continued)

During 2023, the operating revenues of the Board decreased by \$3,751, or 4.08%, due primarily to a decrease in renewal fees. During 2022, the operating revenues of the Board decreased by \$975, or 1.05%, due primarily to a decrease in initial license 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
Initial license fees	\$ 12,150	\$ 12,600	\$ (450)	-3.57%
Renewal fees	73,200	76,800	(3,600)	-4.69%
SBI fingerprinting fees	2,090	2,016	74	3.67%
Other income	675	450	225	50.00%
Total	<u>\$ 88,115</u>	<u>\$ 91,866</u>	<u>\$ (3,751)</u>	<u>-4.08%</u>

During 2023, the operating expenses of the Board increased by \$19,663, or 21.97%, due primarily to an increase in legal fees; and amortization expense related to the Board entering into a SBITA for the right-to-use subscription asset. During 2022, the operating expenses of the Board increased by \$8,471, or 10.45%, due primarily to an increase in other contracted services.

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
Board members expenses	\$ 6,998	\$ 5,419	\$ 1,579	29.14%
Office expenses	1,339	1,634	(295)	-18.05%
Contractual mgmt svcs (incl travel)	48,764	48,718	46	0.09%
Legal, audit and accounting fees	21,722	14,721	7,001	47.56%
Website expenses	1,161	498	663	133.13%
Printing and copying	695	999	(304)	-30.43%
Postage	1,120	1,143	(23)	-2.01%
Telephone	360	360	0	0.00%
Bank and credit card charges	1,654	79	1,575	1993.67%
SBI fingerprinting costs	2,090	2,016	74	3.67%
Other contracted svcs-interpreters	13,037	13,693	(656)	-4.79%
Amortization Expense	9,707		9,707	100.00%
Miscellaneous expenses	535	239	296	123.85%
Total	<u>\$ 109,182</u>	<u>\$ 89,519</u>	<u>\$ 19,663</u>	<u>21.97%</u>

# NORTH CAROLINA INTERPRETER AND TRANSLITERATOR LICENSING BOARD

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Financial Analysis (Continued)

During 2023, the non-operating revenues and expenses of the Board decreased by \$193, or 92.34%, due primarily to interest expense related to the Board entering into a SBITA for the right-to-use information technology software and cloud computing arrangement (network) asset from an external party. During 2022, the non-operating revenues of the Board increased by \$8, or 3.98%, due to an increase in interest earning rates.

The following is a breakdown of non-operating revenues and expenses.

	The year ended September 30, 2023	The year ended September 30, 2022	Amount of Change	Percentage Change
Interest income	\$ 209	\$ 209	\$ 0	0.00%
Interest expense	(193)		(193)	100.00%
Total	\$ 16	\$ 209	\$ (193)	-92.34%

### 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 Interpreter and Transliterators Licensing Board, PO Box 98328, Raleigh, NC 27624.

**HAWLEY, C.P.A., P.A.**  
**Certified Public Accountant**

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**INDEPENDENT AUDITOR'S REPORT**

Members of the Board  
North Carolina Interpreter and Transliterator Licensing Board  
Raleigh, North Carolina

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the financial statements of the North Carolina Interpreter and Transliterator Licensing Board (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 2022, 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 Interpreter and Transliterator Licensing Board as of September 30, 2023 and 2022, 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.

A handwritten signature in black ink that reads "Hawley, C.P.A., P.A." The signature is written in a cursive, flowing style.

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

Angier NC

January 31, 2024

**NORTH CAROLINA INTERPRETER AND TRANSLITERATOR LICENSING BOARD**  
**STATEMENTS OF NET POSITION**  
**SEPTEMBER 30, 2023 AND 2022**

	September 30, 2023	September 30, 2022
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents (Notes 1 and 2)	\$ 225,528	\$ 237,376
Prepaid expense (Notes 1 and 6)	4,080	4,080
Total current assets	229,608	241,456
Noncurrent assets:		
Furniture and office equipment, net of depreciation (Notes 1 and 3)	100	100
Subscription asset, net of amortization (Notes 1, 3, 7 and 10)	19,414	
Total noncurrent assets	19,514	100
<b>TOTAL ASSETS</b>	<b>\$ 249,122</b>	<b>\$ 241,556</b>
<b>LIABILITIES AND NET POSITION</b>		
Current liabilities:		
Accounts payable (Note 4)	\$ 915	\$ 389
Due to other state agencies (Note 4)	10,219	192
Subscription payable (Notes 5, 7 and 10 )	9,703	
Unearned revenue (Note 1)	69,300	70,650
Total current liabilities	90,137	71,231
Noncurrent liabilities:		
Subscription payable (Notes 5, 7 and 10)	\$ 9,711	\$
Total noncurrent liabilities	9,711	0
<b>TOTAL LIABILITIES</b>	<b>\$ 99,848</b>	<b>\$ 71,231</b>
<b>NET POSITION (NOTE 1)</b>		
Net investment in capital assets	\$ 100	\$ 100
Unrestricted net position	149,174	170,225
<b>TOTAL NET POSITION</b>	<b>149,274</b>	<b>170,325</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 249,122</b>	<b>\$ 241,556</b>

*See notes to financial statements*

**NORTH CAROLINA INTERPRETER AND TRANSLITERATOR LICENSING BOARD**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
	<b>Proprietary- Enterprise Fund</b>	<b>Proprietary- Enterprise Fund</b>
OPERATING REVENUES:		
Licenses, fees and fines:		
Initial license fees	\$ 12,150	\$ 12,600
Renewal fees	73,200	76,800
SBI fingerprinting fees	2,090	2,016
Other income	<u>675</u>	<u>450</u>
Total operating revenues	\$ 88,115	\$ 91,866
OPERATING EXPENSES:		
Personal services (and board members expenses):		
Board members expenses (including hearing expenses)	\$ 6,998	\$ 5,419
Supplies and materials:		
Office expenses	1,339	1,634
Services:		
Contractual management services (including travel) (Note 6)	48,764	48,718
Legal, audit and accounting fees	21,722	14,721
Website expenses	1,161	498
Printing and copying	695	999
Postage	1,120	1,143
Telephone	360	360
Bank charges (including credit card discount fees)	1,654	79
SBI fingerprinting costs	2,090	2,016
Other contracted services - interpreters	13,037	13,693
Amortization expense (Notes 1 and 3)	9,707	
Miscellaneous expenses	<u>535</u>	<u>239</u>
Total operating expenses	<u>\$ 109,182</u>	<u>\$ 89,519</u>
Operating income	\$ (21,067)	\$ 2,347
NON-OPERATING REVENUES (EXPENSES):		
Interest income	\$ 209	\$ 209
Interest expense on right-to-use subscription liability (Note 7)	<u>(193)</u>	
Total non-operating revenues	\$ 16	\$ 209
Change in net position	<u>\$ (21,051)</u>	<u>\$ 2,556</u>
Net position - beginning of year	<u>\$ 170,325</u>	<u>\$ 167,769</u>
Net position - end of year	<u><u>\$ 149,274</u></u>	<u><u>\$ 170,325</u></u>

*See notes to financial statements*

**NORTH CAROLINA INTERPRETER AND TRANSLITERATOR LICENSING BOARD**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
	<b>Proprietary- Enterprise Fund</b>	<b>Proprietary- Enterprise Fund</b>
Cash flows from operating activities:		
Cash received from fees and other income	\$ 86,765	\$ 88,566
Cash payments for operating expenses	(88,922)	(94,010)
Net cash provided by operating activities	\$ (2,157)	\$ (5,444)
Cash flows from capital and financing activities:		
Principal and interest paid on right-to-use subscription liability	\$ (9,900)	\$
Net cash provided (used) in capital and financing activities	\$ (9,900)	\$ 0
Cash flows from investing activities:		
Interest earned	\$ 209	\$ 209
Net cash provided by investing activities	\$ 209	\$ 209
Net increase (decrease) in cash and cash equivalents	\$ (11,848)	\$ (5,235)
Cash and cash equivalents - beginning of year	\$ 237,376	\$ 242,611
Cash and cash equivalents - end of year	\$ 225,528	\$ 237,376
Reconciliation of operating income (loss)		
to net cash provided by operating activities:		
Operating income (loss)	\$ (21,067)	\$ 2,347
Adjustments to reconcile operating income		
to net cash provided by operating activities:		
Amortization expense	\$ 9,707	\$
Changes in assets and liabilities:		
Prepaid expense		(4,080)
Accounts payable	10,553	(411)
Unearned revenue	(1,350)	(3,300)
Net cash provided by operating activities	\$ (2,157)	\$ (5,444)

*See notes to financial statements*

**NORTH CAROLINA INTERPRETER AND TRANSLITERATOR LICENSING BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

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Note 1 - Nature of Activities and Significant Accounting Policies

*Description of Organization and Purpose*

The North Carolina Interpreter and Transliterators Licensing Board (the "Board") is an independent State board. It is an occupational licensing board and is authorized by Chapter 90D of the North Carolina General Statutes. The Board is composed of nine members who are appointed by the Governor and the General Assembly 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 interpreters and transliterators.

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 INTERPRETER AND TRANSLITERATOR LICENSING BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

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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 held by the Board (if any).

*Prepaid Expense*

This classification includes management agency fees and telephone expense which were prepaid at year end.

*Capital Assets*

Capital assets 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 \$500 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 of depreciation over the estimated useful lives of the assets, generally estimated as follows: office furniture and equipment, 5 to 7 years.

Right-to-use subscription assets are recorded at the present value of payments expected to be made during the subscription term, plus any upfront payments and ancillary charges paid to place the underlying right-to-use asset into service. Subscription liabilities are capitalized as a right-to-use asset when the underlying subscription asset has a cost of \$10,000 or greater and an estimated useful life of more than one year. Amortization for subscription assets is computed using the straight-line method over the shorter of the subscription term or the underlying asset's estimated useful life, generally estimated as follows: right-to-use subscription asset, 2-30 years.

**NORTH CAROLINA INTERPRETER AND TRANSLITERATOR LICENSING BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

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

*Unearned Revenue*

The Board's fees are assessed and collected on an annual basis for the period October 1<sup>st</sup> through September 30<sup>th</sup>, which corresponds with the Board's accounting period. License renewal fees received in the latter part of the fiscal year are deferred and recognized as revenue over the one year period to which they relate.

*Noncurrent Liability*

Noncurrent liability includes principal amounts that will not be paid within the next fiscal year for subscription software payable.

*Net Position*

Net investment in capital assets - This component of net position consists of capital assets (net of accumulated depreciation), and right-to-use subscription asset (net of accumulated amortization) and reduced by outstanding liabilities 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 at year end.

Unrestricted net position - This component of net position consists of net position that does not meet the definition of *restricted or net investment in capital assets*.

*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

All of the Board's deposits which are uninsured are uncollateralized [unless collateralized pursuant to 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 (including undeposited receipts on hand, if any) had a carrying amount of \$225,528; and a bank balance of \$210,758, which was covered by federal depository insurance. At September 30, 2022, the Board's deposits (including undeposited receipts on hand, if any) had a carrying amount of \$237,376; and a bank balance of \$237,747, which was covered by federal depository insurance.



**NORTH CAROLINA INTERPRETER AND TRANSLITERATOR LICENSING BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

**Note 3 - Capital Assets**

Changes in capital assets as of and for the years ended September 30, 2023 and 2022 are as follows:

	Bal 9-30-2022	Increases	Decreases	Bal 9-30-2023
Capital Assets				
Furniture/office equipment	\$ 934	\$ -	\$ -	\$ 934
Right-to-use subscription asset	-	29,121	-	29,121
Total capital assets	934	29,121	0	30,055
Less Accumulated Depr/Amort for:				
Furniture/office equipment	(834)	-	-	(834)
Right-to-use subscription asset	-	(9,707)	-	(9,707)
Total Accumulated Depr/Amort	(834)	(9,707)	0	(10,541)
Capital Assets, Net	\$ 100	\$ 19,414	\$ 0	\$ 19,514

When an asset is disposed of, the cost of the asset and the related accumulated depreciation and amortization are removed from the books. Any gain or loss on disposition is reflected in earnings for the period. There was no depreciation expense for the fiscal year ended September 30, 2023 and 2022. The Board entered into a SBITA for the right-to-use information technology software and cloud computing arrangement (network) asset from an external party during the fiscal year ended September 30, 2023. There was \$9,707 in amortization expense 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	September 30, 2022
Due to Vendors	\$ 915	\$ 389
Due to Other State Agencies	10,219	192
Total Accounts Payable	\$ 11,134	\$ 581

**Note 5 - Long Term Liability**

*Changes in Long-Term Liability*

A summary of changes in the long-term liability for the year ended September 30, 2023 is presented as follows:

	Balance at 09-30-2022	Additions	Reductions	Balance at 09-30-2023	Current	Noncurrent
Subscription Software Liability	\$ -	\$ 29,121	\$ (9,707)	\$ 19,414	\$ 9,703	\$ 9,711
Total Long-Term Liability	\$ 0	\$ 29,121	\$ (9,707)	\$ 19,414	\$ 9,703	\$ 9,711

The Board had no long-term liabilities for the year ended September 30, 2022.

**NORTH CAROLINA INTERPRETER AND TRANSLITERATOR LICENSING BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

Note 6 - Contractual Management Services and Related Prepaid Expense

The Board does not have any employees. The Board 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 administrative duties. The Board also occasionally reimburses the management service for printing, copying, postage, travel and miscellaneous office supplies and expenses. Payments to the management service totaled \$48,764 [consisting of contractual management services in the amount of \$48,600 and travel reimbursement in the amount of \$164] during the fiscal year ended September 30, 2023. Payments to the management service totaled \$48,718 [consisting of contractual management services in the amount of \$48,600 and travel reimbursement in the amount of \$118] during the fiscal year ended September 30, 2022.

Note 7 - Subscription-Based Information Technology Arrangement (SBITA)

The Board entered a SBITA for the right to use information technology software and cloud computing arrangement (network) asset from an external party. The subscription liability and the related right-to-use subscription asset are recorded based on the present value of expected payments over the term of the respective SBITA. The expected payments are discounted using the interest rate stated per the SBITA contract, or the Board's estimated incremental borrowing rate if there is no stated contractual interest rate.

Measurement of the subscription liability excluded the following variable payment amounts: (1) the increase or decrease in payments after the initial measurement of the subscription liability that depend on changes in an index or rate (such as the Consumer Price Index), and (2) payments based on future performance or usage of the underlying assets. During the year the Board did not recognize any variable payment amounts.

During the fiscal year, the Board recognized a beginning right-to-use subscription asset and beginning subscription liability in the amount of \$29,121. Future subscription payments have been discounted using a rate of 2%. The subscription payments will result in the reduction of the subscription liability payable, amortization of the right-to-use subscription asset, and interest expense for the use of the asset. A subscription payment in the amount of \$9,900 (consisting of \$9,707 in principal and \$193 in interest) was made during the fiscal year ended September 30, 2023 which reduced the subscription liability to \$19,414 as of September 30, 2023.

The annual requirements to pay principal and interest on SBITA at September 30, 2023, are as follows:

Fiscal Year	Annual Requirements		
	Subscription (SBITA) Liability		
	Principal	Interest	Payment
2024	\$ 9,703	\$ 197	\$ 9,900
2025	9,711	189	9,900
Total	<u>\$ 19,414</u>	<u>\$ 386</u>	<u>\$ 19,800</u>

**NORTH CAROLINA INTERPRETER AND TRANSLITERATOR LICENSING BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

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Note 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 disasters. These exposures to loss are handled by participation in certain state-administered risk programs and self retention of certain risks. The Board has not purchased any commercial insurance coverage. There have been no significant reductions in insurance coverage from coverage in the prior year, and no insurance claims were filed during the last three fiscal years.

Note 9 - 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 years under audit do not materially affect the Board's operations, changes in financial position, or cash flows for the years herein ended.

Note 10 - Changes in Financial Accounting and Reporting

For the fiscal year ended September 30, 2023, the Board implemented the following pronouncement issued by the Governmental Accounting Standards Board (GASB):

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding SBITAs.

Note 11 - Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no effect on the reported results of operations.

Note 12 - Subsequent Events

Subsequent events have been evaluated through January 31, 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 48 audit hours at a cost of \$4,995.