

STATE BOARD OF
REGISTRATION FOR FORESTERS

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023



STATE BOARD OF REGISTRATION FOR FORESTERS

Table of Contents

	<u>Page No.</u>
Management's Discussion and Analysis	1 - 3
Independent Auditor's Report	4 - 6
<i>Financial Statements</i>	
Statement of Net Position	7
Statement of Revenues, Expenses and Changes in Net Position	8
Statement of Cash Flows	9
Notes to Financial Statements	10 - 12

STATE BOARD OF REGISTRATION FOR FORESTERS

Management's Discussion and Analysis

For The Fiscal Year Ended June 30, 2023

The following is a discussion and analysis of the State Board of Registration for Foresters' (the "Board") financial performance for the fiscal year ended June 30, 2023. 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

The operating revenues of the Board decreased by \$181 or 0.52%, which is consistent with the prior year.

The operating expenses of the Board increased by \$8,562 or 20.93%, primarily due to increases in office supplies, travel expenses, and miscellaneous expenses.

Overview of the Basic Financial Statements

This discussion and analysis is an introduction to the Board's basic financial statements, which are comprised of the following components: 1) Statement of Net Position, 2) Statement of Revenues, Expenses and Changes in Net Position, 3) Statement of Cash Flows, and 4) Notes to Financial Statements. These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

STATE BOARD OF REGISTRATION FOR FORESTERS
Management's Discussion and Analysis
For The Fiscal Year Ended June 30, 2023

Basic Financial Statements

The basic financial statements of the Board report information about the Board using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about the activities of the Board.

The Statement of Net Position presents the current and noncurrent positions of assets and liabilities separately.

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

The Statement of Cash Flows presents information on how the Board's cash changed as a result of the year's activity.

The following presents condensed financial information on the operations of the Board as of and for the year ended June 30:

	<u>2023</u>	<u>2022</u>
Current assets	\$ 140,952	\$ 139,406
Capital assets - net of depreciation	747	1,154
Total assets	<u>141,699</u>	<u>140,560</u>
Current liabilities	28,832	13,179
Total liabilities	<u>28,832</u>	<u>13,179</u>
Net position:		
Investment in capital assets	747	1,154
Unrestricted	112,120	126,227
Total net position	<u>\$ 112,867</u>	<u>\$ 127,381</u>
Operating revenues	\$ 34,953	\$ 35,134
Operating expenses	49,474	40,912
Operating loss	<u>(14,521)</u>	<u>(5,778)</u>
Non-operating revenues	7	10
Changes in net position	<u>\$ (14,514)</u>	<u>\$ (5,768)</u>

STATE BOARD OF REGISTRATION FOR FORESTERS

Management's Discussion and Analysis

For The Fiscal Year Ended June 30, 2023

Events Affecting Future Operations

The Board has submitted a proposed rule amendment to the OAH/Rules Review Commission proposing an increase to the registration fee from \$40 to \$50 per year. If approved, the increase would take effect June 1, 2024.

Contacting the Board's Management

This financial report is designed to provide a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives and expends. If you have any questions about this report or need additional information, contact the State Board of Registration for Foresters, P.O. Box 27393, Raleigh, North Carolina 27611-7393.



Independent Auditor's Report

Members of the Board
State Board of Registration for Foresters
Raleigh, North Carolina

Opinion

We have audited the accompanying financial statements of the State Board of Registration for Foresters (the "Board"), an enterprise fund of the State of North Carolina, which comprise the statement of net position as of June 30, 2023, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Board as of June 30, 2023, and the changes in its financial position and its 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Board and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

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

Emphasis of Matter

As discussed in Note 1, the financial statements presented are only for the Board and do not purport to, and do not present fairly the financial position of the State of North Carolina as of June 30, 2023, or the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 1 – 3, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Bernard Robinson & Company, L.L.P.

Raleigh, North Carolina
January 23, 2024

STATE BOARD OF REGISTRATION FOR FORESTERS
Statement of Net Position
June 30, 2023

ASSETS:

Current assets:

Cash	\$ 36,748
Investments	102,665
Prepaid expenses	<u>1,539</u>
Total current assets	<u>140,952</u>

Property and equipment:

Equipment	1,841
Accumulated depreciation	<u>(1,094)</u>
Net property and equipment	<u>747</u>
Total assets	<u>141,699</u>

LIABILITIES:

Current liabilities:

Accounts payable	1,792
Unearned revenue	<u>27,040</u>
Total current liabilities	<u>28,832</u>

NET POSITION:

Investment in capital assets	747
Unrestricted	<u>112,120</u>
Total net position	<u>\$ 112,867</u>

STATE BOARD OF REGISTRATION FOR FORESTERS
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2023

Operating revenues:	
Renewal fees	\$ 31,386
Application and exam fees	1,210
Registration fees	1,879
Late payment fees	478
Total operating revenues	<u>34,953</u>
Operating expenses:	
Administrative services	31,500
Professional fees	3,150
Postage and box rent	1,357
Office supplies	3,777
Miscellaneous	4,943
Telephone	759
Board member travel and per diem	3,009
Insurance	523
Printing	49
Depreciation	407
Total operating expenses	<u>49,474</u>
Operating loss	<u>(14,521)</u>
Non-operating revenues:	
Interest income	<u>7</u>
Total non-operating revenues	<u>7</u>
Change in net position	(14,514)
Net position - beginning of year	<u>127,381</u>
Net position - end of year	<u>\$ 112,867</u>

STATE BOARD OF REGISTRATION FOR FORESTERS**Statement of Cash Flows****Year Ended June 30, 2023**

Cash flows from operating activities:

Cash received from fees	\$ 49,313
Cash payments for suppliers of goods and services	(41,361)
Cash payments for other operating expenses	(7,952)
Net cash provided by operating activities	-

Cash flows from capital and related financing activities:

Acquisition of capital assets	-
Net cash provided by capital and related financing activities	-

Increase in cash -

Cash - beginning of year 36,748

Cash - end of year \$ 36,748

Reconciliation of operating loss to net cash

provided by operating activities:

Operating loss \$ (14,521)

Adjustments to reconcile operating loss to net cash

provided by operating activities:

Depreciation 407

Changes in assets and liabilities:

Prepaid expenses (1,539)

Accounts payable 1,293

Unearned revenue 14,360

Total adjustments 14,521

Net cash provided by operating activities \$ -

STATE BOARD OF REGISTRATION FOR FORESTERS

Notes to Financial Statements

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

The State Board of Registration for Foresters (the "Board") is an independent State agency. It is an occupational licensing board authorized by Chapter 86B of the North Carolina General Statutes. The Board members are appointed by the Governor, the Speaker of the House, and the Present Pro Tempore of the Senate. The Board is entitled to the services of the Attorney General of North Carolina.

The Board's function is to maintain minimum standards for services provided by foresters. The Board's operations are funded primarily through license renewal fees and license application fees.

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 may be reported as such in the State's *Annual Comprehensive Financial Report* (ACFR). These financial statements for the Board are separate and apart from those of the State of North Carolina and do not present the financial position of the State nor changes in the State's financial position and cash flows.

Basis of Presentation

The accompanying basic financial statements have been prepared in accordance with GAAP as prescribed by the Governmental Accounting Standards Board (GASB). 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.

Basis of Accounting

The basic financial statements of the Board have been prepared using the economic resource measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when a liability has been incurred, regardless of the timing of the cash flows. Fees received for the various licenses are deemed earned when the license period begins.

The Board classifies its revenues and expenses as operating or non-operating in the accompanying Statements of Revenues, Expenses, and Changes in Net Position. Operating revenues and expenses generally result from providing services that are necessary to the Board's principal ongoing operations.

STATE BOARD OF REGISTRATION FOR FORESTERS

Notes to Financial Statements

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

Basis of Accounting (Continued)

Operating revenues include activities that have characteristics of exchange transactions and consist primarily of license renewal and examination fees. Operating expenses are all expense transactions 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 include activities that have characteristics of non-exchange transactions and consist primarily of investment activities.

Cash

For purposes of the statement of cash flows, the Board considers all highly liquid investments with a maturity of three months or less when purchased to be cash.

Investments

Investments consist of certificates of deposit which are recorded at cost plus accrued interest which approximates fair value.

Property and Equipment

Property and equipment of \$300 or more are considered capital assets. Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the following useful lives:

Equipment	3 - 5 years
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When an asset is disposed of, the cost of the asset and the related accumulated depreciation are removed from the books. Any gain or loss on disposition is reflected in non-operating revenue or expense for the period.

Unearned Revenues

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

Net Position

The Board's net position is classified as follows:

Investment in Capital Assets - This represents the Board's total investment in capital assets. Capital assets include property and equipment, net of accumulated depreciation.

Unrestricted - This represents assets with no external restriction as to use or purpose. Unrestricted net assets can be employed for any purpose designated by the governing board, as distinguished from funds restricted externally for specific purposes.

STATE BOARD OF REGISTRATION FOR FORESTERS

Notes to Financial Statements

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates, resulting in adjustments in future periods.

NOTE 2 - DEPOSITS - CUSTODIAL CREDIT RISK

Deposits and Investments

Custodial Credit Risk. The Board maintains cash balances and certificates of deposit with one financial institution. There were no deposits which exceeded the insurance coverage provided at year-end.

Certificates of deposit are purchased with original maturities of six months or less. The cost plus accrued interest approximates fair value of the certificates at June 30, 2023 totaling \$102,665.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment were comprised of the following:

	Cost 6/30/2022	Additions	Disposals	Cost 6/30/2023	Accum. Depreciation	Net Amount
Equipment/ furniture/ software	\$ 1,841	\$ -	\$ -	\$ 1,841	\$ 1,094	\$ 747

NOTE 4 - RISK MANAGEMENT

Risk of loss relative to dishonesty and damage or destruction of assets is covered by private insurance. The Board is exposed to various risks of loss related to torts; theft of, damage to, and the destruction of assets; errors and omissions; injuries to employees, and natural disasters. Tort claims of Board members are self-insured by the State under the authority of the State Tort Claims Act. Additional coverage is provided to the Board under the State's public officers' and employees' liability insurance contract with a private insurance company.

NOTE 5 - SUBSEQUENT EVENTS

Management of the Board evaluated subsequent events through January 23, 2024, which is the date the financial statements were available to be issued. Management discovered no other subsequent events which should be disclosed other than noted below.

The audit was conducted in approximately 60 hours at a cost of \$9,000.