

**NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS**

**Financial Statements and  
Supplemental Schedule for the  
Year Ended June 30, 2024 and  
Independent Auditor's Report**

# **NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS**

## **Financial Statements and Supplemental Schedule for the Year Ended June 30, 2024 and Independent Auditor's Report**

### **BOARD MEMBERS (2024)**

Yasmin Gay, PhD, LCMHC, Chairperson

Nicole Stargell, PhD, LCMHC , Vice Chairperson

Bruce Garris, LCMHC, Treasurer

Edward “Neal” Carter, Public Member

Vanessa Diggs, Public Member

Mark Schwarze, PhD, LCMHC

Levette S. Scott, PhD, LCMHC, RN, NCC

### **BOARD ADMINISTRATOR (2024)**

Melonie Davis, MA, LCMHCA, NCC, Executive Director

### **LEGAL COUNSEL**

The Brocker Law Firm P.A.

# **NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS**

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# **NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS**

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

### **Introduction**

Management's discussion and analysis introduces the basic financial statements and provides an analytical overview of the financial activities of the Board. This section of the Board's financial report represents the Board's financial activity and performance. 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, notes to the financial statements, and this discussion are the responsibility of Board management.

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. Current assets are those that are available to pay for expenses in the next fiscal year. Current liabilities are those payable in the next fiscal year. Net position consists of net investment in capital assets, restricted net position and unrestricted net position. The Board had no restricted net position at year end.

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 Board's revenues are classified as operating or non-operating revenues. Revenues are recognized when earned, regardless of the timing of cash flows. Expenses are recorded when a liability has been incurred, regardless of the timing of cash flows. Non-operating revenues and expenses are classified as non-operating in the financial statements.

The *Statements of Cash Flows* present information on how the Board's cash changed as a result of its financial activities. These statements provide information relative to the Board's sources and uses of cash funds for operating activities, capital financing activities, and investing activities.

The *Notes to the Financial Statements* provide detail of the information included in the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. They are an integral part of the financial statements and should be read in conjunction with them.

The *Supplementary Information* consists of the Schedule of Receipts and Disbursements - Modified Cash Basis. It is presented for purposes of additional analysis and is not a required part of the financial statements.

# NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Financial Summary, Highlights, and Analysis

Net position is an indicator of the fiscal health of the Board. Assets exceeded liabilities by \$3,631,344 for the year ended June 30, 2024. Assets exceeded liabilities by \$3,237,103 for the year ended June 30, 2023. The largest component of net position was cash and cash equivalents, and investments. Cash and cash equivalents, and investments represented 146.96% of total net position for the year ended June 30, 2024. Cash and cash equivalents, and investments represented 144.70% of total net position for the year ended June 30, 2023. Current assets consist of cash and cash equivalents, and prepaid expense. Noncurrent assets consist of capital assets (net of accumulated depreciation) and long-term investments. Capital assets are not a significant component of assets and are denoted below in the comparative summary of the Statements of Net Position. Current liabilities consist of accounts payable due to vendors, and unearned revenue from license fees paid in advance. The Board has no long-term liabilities. 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 depreciation.

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

	Current Year as of June 30, 2024	Prior Year as of June 30, 2023	Amount of Change	Percentage Change
Current assets	\$ 5,265,464	\$ 4,686,229	\$ 579,235	12.36%
Capital assets	2,436	3,077	(641)	-20.83%
Other assets	73,406	259,422	(186,016)	-71.70%
Total assets	<u>\$ 5,341,306</u>	<u>\$ 4,948,728</u>	<u>\$ 392,578</u>	<u>7.93%</u>
Current liabilities	\$ (1,709,962)	\$ (1,711,625)	\$ 1,663	-0.10%
Total liabilities	<u>\$ (1,709,962)</u>	<u>\$ (1,711,625)</u>	<u>\$ 1,663</u>	<u>-0.10%</u>
Invested in capital assets	\$ 2,436	\$ 3,077	\$ (641)	-20.83%
Unrestricted	3,628,908	3,234,026	394,882	12.21%
Total net position	<u>\$ 3,631,344</u>	<u>\$ 3,237,103</u>	<u>\$ 394,241</u>	<u>12.18%</u>

During 2024, the Board's net position increased by \$394,241, or 12.18%, due primarily to annually recurring revenues in excess of expenses.

*The following is a comparative summary of the Statements of Revenues, Expenses, and Changes in Net Position.*

	The year ended June 30, 2024	The year ended June 30, 2023	Amount of Change	Percentage Change
Operating revenues	\$ 1,762,109	\$ 1,526,055	\$ 236,054	15.47%
Operating expenses	(1,466,514)	(1,156,651)	(309,863)	26.79%
Non-operating revenues	98,646	34,955	63,691	182.21%
Change in net position	<u>\$ 394,241</u>	<u>\$ 404,359</u>	<u>\$ (10,118)</u>	<u>-2.50%</u>
Ending net position	<u>\$ 3,631,344</u>	<u>\$ 3,237,103</u>	<u>\$ 394,241</u>	<u>12.18%</u>

# NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Financial Summary, Highlights, and Analysis

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. Fees received for the various licenses are deemed earned when the license period begins. Operating expenses are all expense transactions incurred other than those related to capital and noncapital financing or investing activities.

*The following is a comparative breakdown of operating revenues.*

	The year ended June 30, 2024	The year ended June 30, 2023	Amount of Change	Percentage Change
Individual renewal fees	\$ 1,038,890	\$ 962,727	\$ 76,163	7.91%
Individual licensing/application fees	606,576	537,518	69,058	12.85%
Corporate licensing/renewal fees	91,943	80,863	11,080	13.70%
Late fees	10,145	8,320	1,825	21.94%
Verify fees	4,905	4,255	650	15.28%
Other license related fees	3,285	3,455	(170)	-4.92%
Other revenues	6,365	8,185	(1,820)	-22.24%
Total	<u>\$ 1,762,109</u>	<u>\$ 1,605,323</u>	<u>\$ 156,786</u>	<u>9.77%</u>

During 2024, the operating revenues of the Board increased by \$156,786, or 9.77%, due primarily to an increase in individual renewal fees and individual licensing/application fees.

*The following is a comparative breakdown of operating expenses.*

	The year ended June 30, 2024	The year ended June 30, 2023	Amount of Change	Percentage Change
Board members - per diem	\$ 13,606	\$ 17,722	\$ (4,116)	-23.23%
Office expenses	2,875	-	2,875	??
Contracted management service - admin fees	830,918	685,665	145,253	21.18%
Contracted services-professionals program	196,528	-	196,528	??
Licensing application related expense	86,944	79,268	7,676	9.68%
Professional fees-legal and investigative	77,315	179,887	(102,572)	-57.02%
Professional fees-accounting and audit	33,995	33,995	0	0.00%
Travel expenses	64,810	45,217	19,593	43.33%
Printing	20,663	20,381	282	1.38%
Postage	15,129	13,708	1,421	10.37%
Telephone/fax	2,234	2,527	(293)	-11.59%
Conference registrations	20,446	13,389	7,057	52.71%
Board meeting and hearing expenses	2,613	2,489	124	4.98%
Credit card discount fees	57,175	105,147	(47,972)	-45.62%
Depreciation	641	641	0	0.00%
Insurance	29,496	25,652	3,844	14.99%
Dues and subscriptions	1,126	9,561	(8,435)	-88.22%
Miscellaneous expenses		670	(670)	-100.00%
Total	<u>\$ 1,456,514</u>	<u>\$ 1,235,919</u>	<u>\$ 220,595</u>	<u>17.85%</u>

During 2024, the operating expenses of the Board increased by \$220,595, or 17.85%, due primarily to an increase in contracted management services, and contracted services-professionals program.

# **NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS**

## **MANAGEMENT’S DISCUSSION AND ANALYSIS**

### **Financial Summary, Highlights, and Analysis**

*The following is a comparative breakdown of non-operating revenues.*

	The year ended June 30, 2024	The year ended June 30, 2023	Amount of Change	Percentage Change
Interest income	\$ 98,646	\$ 34,955	\$ 63,691	182.21%
Total	\$ 98,646	\$ 34,955	\$ 63,691	182.21%

During 2024, the non-operating revenues of the Board increased by \$63,691, or 182.21%, due primarily to an increase in cash on hand and interest earning rates.

### **Economic and Other Factors Impacting Future Periods**

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.

### **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: North Carolina Board of Licensed Clinical Mental Health Counselors, PO Box 77819, Greensboro, NC 27417.

# HAWLEY, C.P.A., P.A.

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## INDEPENDENT AUDITOR'S REPORT

Members of the Board  
North Carolina Board of Licensed Clinical Mental Health Counselors  
Greensboro, North Carolina

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of the North Carolina Board of Licensed Clinical Mental Health Counselors (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 year ended June 30, 2024, 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 Licensed Clinical Mental Health Counselors as of June 30, 2024, and the results of its operations, changes in financial position, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

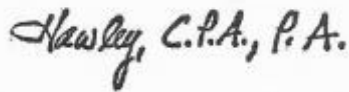
## INDEPENDENT AUDITOR'S REPORT (CONCLUDED)

### *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.

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Receipts and Disbursements - Modified Cash Basis is presented for purposes of additional analysis and is not a required part of the financial statements. We have applied certain limited procedures to the 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 supplementary information because the limited procedures do not provide sufficient evidence to express an opinion or provide any assurance thereon.



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

Angier NC

October 28, 2024

**NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

	<b>June 30, 2024</b>
	<b>Proprietary- Enterprise Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents (Notes 1 and 2)	\$ 5,263,065
Cash in State Treasurer (Notes 1 and 2)	198
Prepaid expense (Notes 1)	2,201
Total current assets	5,265,464
Capital assets (Notes 1 and 3):	
Office equipment - net of depreciation	2,436
Total capital assets - net of depreciation	2,436
Other assets:	
Investments (Notes 1 and 2)	73,406
Total other assets	73,406
<b>TOTAL ASSETS</b>	<b>\$ 5,341,306</b>
<b>LIABILITIES AND NET POSITION</b>	
Current liabilities:	
Accounts payable (Note 4)	\$ 16,579
Unearned revenue (Note 1)	1,693,383
Total current liabilities	1,709,962
<b>TOTAL LIABILITIES</b>	<b>1,709,962</b>
<b>NET POSITION (NOTES 1 AND 8)</b>	
Investment in capital assets	2,436
Unrestricted net position	3,628,908
<b>TOTAL NET POSITION</b>	<b>3,631,344</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 5,341,306</b>

See notes to financial statements.

**NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2024**

	2024
	Proprietary- Enterprise Fund
OPERATING REVENUES:	
Fees, licenses, and fines:	
Individual renewal fees	\$ 1,038,890
Licensing application fees (including SBI fees)	606,576
Corporate licensing and renewal fees	91,943
Late fees	10,145
Verify fees	4,905
Other license related fees	3,285
Other operating revenue	6,365
Total operating revenues	\$ 1,762,109
OPERATING EXPENSES:	
Personal services (and board members expenses):	
Board members - per diem	\$ 13,606
Supplies and materials:	
Office and related expenses	2,875
Services:	
Contracted management services - administrative fees (Note 5)	830,918
Contracted services - impaired professionals program	196,528
Licensing application (SBI) expense	86,944
Professional fees - legal services	77,315
Professional fees - accounting and auditing	33,995
Travel expenses - board members and staff	35,920
Lodging - board members and staff	21,950
Meals - board members and staff	6,940
Printing	20,663
Postage	15,129
Telephone/fax	2,234

See notes to financial statements.

**NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2024**

	2024
	Proprietary- Enterprise Fund
OPERATING EXPENSES (CONTINUED):	
Conference registrations - board members and staff	20,446
Board meeting and hearing expenses	2,613
Credit card discount fees and bank charges	57,175
Depreciation	641
Insurance (Note 6)	29,496
Other expenses:	
Dues and subscriptions	11,126
Total operating expenses	\$ 1,466,514
Operating income (loss)	\$ 295,595
NON-OPERATING REVENUES (EXPENSES):	
Interest income	\$ 98,646
Total non-operating revenues	\$ 98,646
Change in net position	\$ 394,241
Net position - beginning of year	3,237,103
Net position - end of year	\$ 3,631,344

See notes to financial statements.

**NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2024**

	<b>2024</b>
	<b>Proprietary- Enterprise Fund</b>
Cash flows from operating activities:	
Cash received from fees and other revenues	\$ 1,772,993
Cash payments for operating expenses	(1,478,482)
Net cash provided by operating activities	\$ 294,511
Cash flows from investing activities:	
Transfers from (to) investments	\$ 186,016
Interest earned	98,646
Net cash provided by investing activities	\$ 284,662
Net increase in cash	\$ 579,173
Cash - beginning of year	4,684,090
Cash - end of year	\$ 5,263,263
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	\$ 295,595
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	\$ 641
Changes in assets and liabilities:	
Prepaid expense	(62)
Accounts payable and accrued liabilities	(99,491)
Unearned revenue	97,828
Total adjustments	\$ (1,084)
Net cash provided by operating activities	\$ 294,511

See notes to financial statements.

**NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2024**

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Note 1 - Nature of Activities and Significant Accounting Policies

*Description of Organization and Purpose*

The North Carolina Board of Licensed Clinical Mental Health Counselors (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. Effective January 1, 2020, pursuant to a statutory change, the Board became named the North Carolina Board of Licensed Clinical Mental Health Counselors. It was formerly named the North Carolina Board of Licensed Professional Counselors. The Board is composed of seven members who are appointed by the Governor of the State of North Carolina. 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).

The Board is established to maintain minimum standards for services provided by licensed clinical mental health counselors.

The Board's operations are financed with self-generated revenues from fees charged to examinees and 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 LICENSED CLINICAL MENTAL HEALTH COUNSELORS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2024**

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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 Statements 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) held by the Board.

*Cash in State Treasurer*

This classification consists of deposits with the State Treasurer of North Carolina. Because these funds are immediately available for expenditure they are considered a cash equivalent. Ownership interests of the STIF are determined on a fair market valuation basis as of June 30, 2024 in accordance with the STIF operating procedures. Valuation of the underlying assets is performed by the custodial. Pool investments are measured at fair value in accordance with GASB Statement No. 72. The Board's position in the pool is measured and reported at fair value and the STIF is not required to be categorized within the fair value hierarchy.

*Investments*

The Board is authorized to invest idle funds in accordance with North Carolina General Statutes. This classification consists of certain certificates of deposits held by the Board for investment. Investments generally are reported at fair market value. Certificates of deposit are reported at cost (which is the same as fair value) if purchased in the primary certificate of deposit market, and at fair value if purchased in the secondary certificate of deposit market (as determined by quoted market prices). The net increase (decrease) in the fair value of investments for certificates of deposit is recognized as a component of investment interest income. The Board held only non-negotiable certificates of deposit.

*Prepaid Expenses*

This classification includes expenses which were prepaid at year end for commercial insurance.



**NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2024**

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

*Capital Assets*

Property 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 \$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.

*Unearned Revenue*

The Board's fees are assessed and collected on both an annual and a biennial basis, some of which correspond with the Board's accounting period and some of which correspond with the calendar year. License renewal fees received in the latter part of the fiscal year are unearned and recognized as revenue over the periods to which they relate. This reporting method reasonably reports revenues as earned.

*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 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*.

*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

*Deposits in Bank(s)*

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.

**NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2024**

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Note 2 - Deposits and Investments (Continued)

At June 30, 2024, the Board's deposits in banks had a carrying amount (including undeposited receipts, if any) of \$5,263,065 and a bank balance of \$5,171,721, of which \$500,000 was covered by federal depository insurance, and \$4,671,721 was uninsured and uncollateralized [unless collateralized pursuant to NC Administrative Code (20 NCAC 7)]. Certificates of deposit in the amount of \$73,406 are considered time deposits for this disclosure and are classified as investments on the Statement of Net Position.

*Deposits in State Treasurer Short Term Investment Fund (STIF)*

Pursuant to North Carolina General Statute 147-69.3(b), the Board voluntarily holds deposits with the North Carolina Short Term Investment Fund (STIF). Disbursements, if used, are through the issuance of warrants by the Board. Investments of the Short Term Investment Fund are limited to those authorized for the State's General Fund, generally high quality money market investments and US Government agency securities. FDIC insurance and deposit collateralization rules do not apply.

Deposit and investments risks associated with the State Treasurer's Investment Pool (which includes the State Treasurer's Short-Term Investment Fund) are included in the State of North Carolina's Annual Comprehensive Financial Report. An electronic version of the financial report is available by accessing the North Carolina Office of the State Controller's internet home page, [www.ncosc.net](http://www.ncosc.net), and clicking on "Financial Reports", or calling the State Controller's Financial Reporting Section at 919-707-0500.

At June 30, 2024, the Board's deposits with the State Treasurer STIF account had a carrying value, fair market value and a bank balance of \$198.

*Investments*

The Board is subject to the following risks:

Interest rate risk - Interest rate risk is the risk the Board may face should interest rate variances affect the fair value of investments. As a means of limiting its exposure to fair value losses arising from interest rate variances, the Board limits its investments, if any, to certificates of deposits with maturities of no more than 36 months and to money market mutual funds.

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 and to money market mutual funds.

**NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2024**

Note 2 - Deposits and Investments (Continued)

The following table presents fair value of investments by type and investment subject to interest rate risk and credit risk at June 30, 2024, for the Board's investments.

Investment Type	Fair Value	Properties of Debt Securities	
		Weighted Average Maturities	Ratings
Securities:			
Certificate of Deposit	\$ 73,406	24 Months	N/A

*Reconciliation of Deposits and Investments*

A reconciliation of deposits and investments for the Board to the basic financial statements at June 30, 2024 is as follows:

	June 30, 2024
Carrying Amount of Bank Deposits	\$ 5,263,065
Cash in State Treasurer	198
Certificate of Deposit	73,406
Total Deposits and Investments	<u>\$ 5,336,669</u>
Current:	
Cash and Cash Equivalents	\$ 5,263,065
Cash in State Treasurer	198
Noncurrent:	
Investments	73,406
Total Deposits and Investments	<u>\$ 5,336,669</u>

Note 3- Capital Assets

Changes in capital assets as of and for the year ended June 30, 2024 is as follows:

	Cost 06-30-2023	Acquisitions	Disposals	Cost 06-30-2024	Accumulated Depreciation	Net Amount
Office equipment	\$ 68,782	\$ -	\$ -	\$ 68,782	\$ 66,346	\$ 2,436
	<u>\$ 68,782</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 68,782</u>	<u>\$ 66,346</u>	<u>\$ 2,436</u>

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 earnings for the period. Depreciation expense was \$641 for the fiscal year ended June 30, 2024.

**NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2024**

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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.

	<u>June 30, 2024</u>
Due to Vendors	\$ 16,579
Due to Other State Agencies	<u>-</u>
Total Accounts Payable	<u>\$ 16,579</u>

Note 5 - Contracted Management Services

The Board does not have employees. The Board contracted with a management service to provide services for the Board. The contracts included all services related to the process of licensure application and renewal and various other management and administrative duties. The Board also reimbursed the management services for additional contract labor, printing, copying, postage and miscellaneous office supplies and expenses. Payments to the management services totaled \$840,452 (which consisted of contracted management services-administrative fees in the amount \$830,918 and reimbursements in the amount of \$9,534) during the fiscal year ended June 30, 2024.

Note 6 - Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to, and the destruction of assets; errors and omissions; injuries to employees; and natural disasters. These exposures to loss are handled by participation in 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 as denoted below. 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.

*Directors and Officers Liability and Employee Practices Insurance* - Tort claims against Board members of up to \$1,000,000 (NCGS 143-299.2) are retained by the State under the authority of the State Tort Claims Act. Additional insurance coverage is provided by the Board through the purchase of excess Director's and Officer's Liability (\$3,000,000) coverage, Employment Practices (\$3,000,000) coverage, and Employee Dishonesty and Fraud (\$5,000,000) coverage.

Note 7 - Contingencies

The Board is involved in occasional disciplinary hearings throughout the year which arise in the ordinary course of its operations. In the opinion of management of the Board, the results of such actions during the year under audit do not materially affect the Board's operations, changes in financial position, or cash flows for the year herein ended.

**NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2024**

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Note 8- Subsequent Events

Subsequent events have been evaluated through October 28, 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 101 audit hours at a cost of \$9,995.

**NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS - MODIFIED CASH BASIS**  
**YEAR ENDED JUNE 30, 2024**

	<b>2024</b>
	<b>Proprietary- Enterprise Fund</b>
<b>RECEIPTS:</b>	
Individual renewal fees	\$ 1,141,900
Licensing application fees (including SBI fees)	596,600
Corporate licensing and renewal fees	87,050
Late fees	10,145
Verify fees	4,955
Other license related fees	3,285
Interest income	98,646
Other income	6,290
Total receipts	\$ 1,948,871
<b>DISBURSEMENTS:</b>	
Dues and subscriptions	\$ 10,889
Office and related expenses	2,875
Professional fees - legal services	74,040
Professional fees -accounting and auditing	29,995
Printing	18,158
Contracted management services - administrative fees	897,596
Contracted services - impaired professionals program	196,528
Licensing application (SBI) expense	86,944
Credit card discount fees and bank charges	84,094
Telephone/fax	2,442
Postage	15,129
Insurance	29,558

See auditor's report on supplementary information.

**NORTH CAROLINA BOARD OF LICENSED CLINICAL MENTAL HEALTH COUNSELORS**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS - MODIFIED CASH BASIS**  
**YEAR ENDED JUNE 30, 2024**

	<u>2024</u>
	<u>Proprietary- Enterprise Fund</u>
DISBURSEMENTS (CONTINUED):	
Board meeting and hearing expenses	2,613
Travel expenses - board members and staff	42,277
Lodging - board members and staff	20,583
Meals - board members and staff	7,326
Per diem - board members	13,606
Conference registrations - board members and staff	21,061
Total disbursements	<u>\$ 1,555,714</u>
Receipts over (under) disbursements	393,157
Change in cash	<u>\$ 393,157</u>
Cash and investments - beginning of year	<u>4,943,512</u>
Cash and investments - end of year	<u><u>\$ 5,336,669</u></u>

See auditor's report on supplementary information.