



Financial Statements  
and Supplementary Information

for

**NORTH CAROLINA BOARD OF  
MASSAGE AND BODYWORK  
THERAPY**

Years Ended June 30, 2024 and 2023  
with Independent Auditor's Report

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# **NORTH CAROLINA BOARD OF MASSAGE AND BODYWORK THERAPY**

## **Management's Discussion and Analysis**

(Unaudited)

The following is a discussion and analysis of the North Carolina Board of Massage and Bodywork Therapy's (the Board) financial performance for the fiscal year ended June 30, 2024. Please read it in conjunction with the financial statements which follow this section.

### **Financial Highlights**

The operating revenues of the Board decreased \$10,527 or 1.3%, due primarily to a decrease in the number of initial licensees and renewing licensees.

The operating expenses of the Board decreased by \$39,805 or 4.7%, due primarily to a decrease in expenses relating to contracted administrative services, offset by an increase in school approvals. The contracted administrative services expense was higher in the previous year as a result of the increased demand for administrative functions that came along with an increased number of licensees. School approvals occur as required and the Board saw an increase during the year ended June 30, 2024.

### **Overview of the Financial Statements**

This discussion and analysis is an introduction to the Board's financial statements, which comprise the following components: 1) statements of net position, 2) statements of revenue, expenses, and changes in net position, 3) statements of cash flows, and 4) notes to the financial statements. These financial statements are prepared in accordance with account principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

### **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 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 the years' operations.

The statements of cash flows present information on how the Board's cash changed as a result of the years' activity.

## NORTH CAROLINA BOARD OF MASSAGE AND BODYWORK THERAPY

### Management's Discussion and Analysis, continued

(Unaudited)

The following presents condensed financial information on the operations of the Board:

	<b>As of and for the Year Ended June 30, 2024</b>	<b>As of and for the Year Ended June 30, 2023</b>
Current assets	\$ 507,128	\$ 674,995
Current liabilities	442,524	630,566
Non-current liabilities	<u>132,638</u>	<u>150,163</u>
Total liabilities	<u>575,162</u>	<u>780,729</u>
Total net position	\$ <u>(68,034)</u>	\$ <u>(105,734)</u>
Operating revenues	\$ 838,470	\$ 827,943
Operating expenses	<u>806,617</u>	<u>846,422</u>
Operating income (loss)	31,853	(18,479)
Non-operating revenue	<u>5,847</u>	<u>1,227</u>
Change in net position	\$ <u>37,700</u>	\$ <u>(17,252)</u>

### Events Affecting Future Operations

With no expected changes in legislation, license renewal fees, initial license fees, and other related fees should remain consistent in future years. Historically, new licensees are expected to remain consistent with the current year and license renewals are expected to be consistent with renewals reported in the current year.

### 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: North Carolina Board of Massage and Bodywork Therapy, 4140 Parklake Avenue, Suite 100, Raleigh, North Carolina 27612.

## **Independent Auditor's Report**

To the Board of Directors  
North Carolina Board of Massage and Bodywork Therapy  
Raleigh, North Carolina

### **Opinion**

We have audited the basic financial statements of North Carolina Board of Massage and Bodywork Therapy (the Board) which comprise the statements of net position as of June 30, 2024 and 2023, and the related statements of revenues, expenses, and changes in net position, cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Board as of June 30, 2024 and 2023, and the respective changes in financial position and its 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 audits 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 audits. 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**

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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **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.

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 and 2 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.

*Dean Dotson Allen Ford, PLLC*

Raleigh, North Carolina  
October 30, 2024

# NORTH CAROLINA BOARD OF MASSAGE AND BODYWORK THERAPY

## Statements of Net Position

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 504,328	\$ 672,195
Prepaid expenses	<u>2,800</u>	<u>2,800</u>
Total assets	<b>507,128</b>	674,995
Liabilities:		
Current liabilities:		
Accounts payable	8,370	175,774
Unearned revenue - Licenses	423,654	444,792
Unearned revenue - Schools	<u>10,500</u>	<u>10,000</u>
Total current liabilities	<b>442,524</b>	630,566
Non-current liabilities:		
Unearned revenue - Licenses	131,138	148,163
Unearned revenue - Schools	<u>1,500</u>	<u>2,000</u>
Total non-current liabilities	<u>132,638</u>	150,163
Total liabilities	<u>575,162</u>	780,729
Net position	\$ <u>(68,034)</u>	\$ <u>(105,734)</u>

*See accompanying notes.*



# NORTH CAROLINA BOARD OF MASSAGE AND BODYWORK THERAPY

## Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating revenues:		
Fees	\$ 838,470	\$ 827,943
Operating expenses:		
Contractual services	534,357	581,749
School approvals	59,294	47,276
Background checks	46,246	43,092
Hearing/investigations	40,974	34,222
Merchant fees	36,186	34,338
Computer and internet	21,165	32,188
Printing and binding	13,935	10,468
Travel and board expense	12,568	12,548
Fines remitted	11,520	20,084
Copies and postage	11,118	11,762
Accounting	7,750	6,000
Miscellaneous	3,646	6,120
Seminars and training	3,010	2,750
Office supplies/storage/recall	2,748	1,725
Telephone	<u>2,100</u>	<u>2,100</u>
Total operating expenses	<u>806,617</u>	<u>846,422</u>
Operating income (loss)	31,853	(18,479)
Non-operating revenues:		
Interest income	<u>5,847</u>	<u>1,227</u>
Change in net position	37,700	(17,252)
Net position, beginning of year	<u>(105,734)</u>	<u>(88,482)</u>
Net position, end of year	\$ <u>(68,034)</u>	\$ <u>(105,734)</u>

See accompanying notes.

# NORTH CAROLINA BOARD OF MASSAGE AND BODYWORK THERAPY

## Statements of Cash Flows

Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Cash flows from operating activities:</b>		
Cash received from fees	\$ 800,307	\$ 866,300
Cash payments for operating expenses	<u>(974,021)</u>	<u>(676,594)</u>
Net cash (used in) provided by operating activities	(173,714)	189,706
<b>Cash flows from investing activities:</b>		
Interest income	<u>5,847</u>	<u>1,227</u>
Net cash provided by investing activities	<u>5,847</u>	<u>1,227</u>
Net (decrease) increase in cash and cash equivalents	(167,867)	190,933
Cash and cash equivalents, beginning of year	<u>672,195</u>	<u>481,262</u>
Cash and cash equivalents, end of year	<u>\$ 504,328</u>	<u>\$ 672,195</u>
<b>Reconciliation of change in net position from operations to net cash (used in) provided by operating activities:</b>		
Operating income (loss)	\$ 31,853	\$ (18,479)
Adjustments to reconcile operating income (loss) from operations to net cash (used in) provided by operating activities:		
Changes in assets and liabilities:		
Accounts payable	(167,404)	169,828
Unearned revenue	<u>(38,163)</u>	<u>38,357</u>
Net cash (used in) provided by operating activities	<u>\$ (173,714)</u>	<u>\$ 189,706</u>

*See accompanying notes.*

# **NORTH CAROLINA BOARD OF MASSAGE AND BODYWORK THERAPY**

## **Notes to the Financial Statements**

### **1. Description of the Organization**

The North Carolina Board of Massage and Bodywork Therapy (the Board) was created by the 1998 N.C. General Assembly General Statute Chapter 90, Article 36 to become effective July 1, 1999. The mission and purpose of the Board is to regulate the practice of massage and bodywork therapy in the State of North Carolina in order to ensure minimum standards of competency and to protect the public health, safety and welfare.

The Board regulates the practice of massage and bodywork therapy by:

1. Determining the qualifications of persons seeking to practice massage and bodywork therapy and authorizing persons who have met the statutory requirements to so practice; and
2. Enforcing the provisions of laws governing the practice of massage and bodywork therapy and those duly enacted rules designed to ensure its safe and ethical practice.

The Board is considered an agency of the State of North Carolina for financial reporting purposes.

The Board of Directors is comprised of eight members: five members are massage and bodywork therapists; one is a medical doctor, one is a massage and bodywork therapy establishment owner, and one is a member of the general public. Members serve three-year terms and may not serve more than two consecutive terms.

The Governor appoints one therapist member, the massage and bodywork therapy establishment owner, the physician, and the public member. The Speaker of the House of Representatives appoints two therapist members. The President Pro Tempore of the Senate appoints two therapist members.

### **2. Summary of Significant Accounting Policies**

#### 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, 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 *Comprehensive Annual Financial Report*. 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.

# NORTH CAROLINA BOARD OF MASSAGE AND BODYWORK THERAPY

## Notes to the Financial Statements, continued

### 2. Summary of Significant Accounting Policies, continued

#### 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 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.

#### Basis of Accounting

In accordance with *Statement of Governmental Accounting Standards 34*, the Board presents a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. These statements reflect entity-wide operations of the Board. The Board has no fiduciary funds or component units.

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

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Board. Operating revenues consist primarily of license fees. Non-operating revenues consist of those revenues that are related to investing types of activities and are classified as non-operating in the financial statements.

#### 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.

## **NORTH CAROLINA BOARD OF MASSAGE AND BODYWORK THERAPY**

### **Notes to the Financial Statements, continued**

#### **2. Summary of Significant Accounting Policies, continued**

##### Contractual Services

The Board does not have any employees. The Board contracts with a law firm to provide legal representation, advice, consultation and assistance in all matters relating to the practice of massage and bodywork therapy in the State of North Carolina. The contract includes providing the Board consultation and assistance in all matters relating to the practice of massage and bodywork therapy in the State of North Carolina, including approval of massage and bodywork therapy schools, and shall provide office space and equipment as well as the necessary administrative and bookkeeping requirements of the Board. The contract does not include litigation services. A fee of 65% of cash collected after certain adjustments is to be paid for contracted services. The contract may be terminated at any time upon mutual consent of both parties or 180 days after one of the contracting parties gives notice of termination; provided, however, the Board pays the law firm for all months worked and expenses incurred to date of termination.

##### Unearned Revenue

The Board's fees which represent license renewals are recorded as unearned revenue and recognized over the two-year license period. Fees received for initial licenses are either deferred over eighteen months or two years depending on the time of collection. School renewal fees are collected in advance and recorded as deferred revenue at year-end and recognized as revenue over the renewal period. The renewal period is either one or two years depending on the past compliance of the school.

##### Use of Estimates

The presentation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### Subsequent Events

Management evaluated subsequent events through October 30, 2024, which is the date the financial statements were available to be issued.

#### **3. Concentration of Credit Risk**

The Board maintains a demand deposit at one commercial bank in North Carolina. At June 30, 2024 and 2023, the Board had carrying amounts of \$504,328 and \$672,195, respectively, and bank balances of \$678,695 and \$686,768, respectively. Of these bank balances, which include a non-interest bearing checking account, \$250,000 was covered by federal depository insurance and \$428,695 and \$436,768, respectively, were uninsured and the financial institution had pledged collateral to protect the uninsured balance.

## **NORTH CAROLINA BOARD OF MASSAGE AND BODYWORK THERAPY**

### **Notes to the Financial Statements, continued**

#### **4. 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 up to \$1,000,000 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.

#### **5. Related Party**

The Board contracts with a related party for computer service who is a relative of a member of the above mentioned law firm. Payments to the contractor totaled \$9,435 and \$11,985 for the years ended June 30, 2024 and 2023, respectively.

#### **6. Deficit in Net Position**

As indicated in the accompanying financial statements, the Board showed a deficit in net position of \$68,034 and \$105,734 for the years ended June 30, 2024 and 2023, respectively.

There was positive change in net position of \$37,700 for the year ended June 30, 2024, which decreased the existing deficit in net position. The change in net position was a decrease of \$17,252 for the year ended June 30, 2023. The Board plans to continue increasing profitability through the pursuit of legislation which would increase fees, limit exemptions for licensing, and require licensing for establishments.