



SHARPE
PATEL CPA

NORTH CAROLINA ADDICTIONS SPECIALIST PROFESSIONAL PRACTICE BOARD

FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NORTH CAROLINA ADDICTIONS SPECIALIST PROFESSIONAL PRACTICE BOARD
Board Members

Board Members

Flo Stein, Chair

Kendra Davis, Vice Chair

Johnny Bass, Treasurer

Kathy Allen, Secretary

Anita Daniels

Lauren Quick

Virginia L. Johnson

Stephanie Robinson

Katherine L. Salmons

Senior Administrative Director

Barden Culbreth

Attorney

Catherine E. Lee

NORTH CAROLINA ADDICTIONS SPECIALIST PROFESSIONAL PRACTICE BOARD

**Table of Contents
June 30, 2024**

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
FINANCIAL STATEMENTS	
Statement of Net Position	6
Statement of Revenues, Expenses and changes in Net Position	7
NOTES TO THE FINANCIAL STATEMENTS.....	8



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
North Carolina Addictions Specialist Professional Practice Board
Raleigh, North Carolina

Opinion

We have audited the accompanying financial statements of North Carolina Addictions Specialist Professional Practice Board (the "Board"), which comprise the statement of net position – cash basis as of June 30, 2024, and the related statements of revenues, expenses and changes in net position – cash, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Carolina Addictions Specialist Professional Practice Board as of June 30, 2024, and the changes in its financial position and its cash flows for the year then ended in accordance with the cash basis of accounting as described in Note 2.

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 the Financial Statements section of our report. We are required to be independent of North Carolina Addictions Specialist Professional Practice 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.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than the accounting principles generally accepted in the United States of America. Our opinion is not modified with respects to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting, 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 North Carolina Addictions Specialist Professional Practice Board's ability to continue as a going concern within one year after the date that 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 North Carolina Addictions Specialist Professional Practice 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 North Carolina Addictions Specialist Professional Practice 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 and other required supplementary information, as listed in the table of contents, 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.

Sharpe Patel PLLC

Raleigh, North Carolina
November 8, 2024

**NORTH CAROLINA ADDICTIONS SPECIALIST PROFESSIONAL PRACTICE BOARD
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

The following a discussion and analysis of the North Carolina Addictions Specialist Professional Practice Board’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 increased by \$71,942 due primarily to increase in applications and renewals. The operating expenses of the Board increased by \$112,659 due primarily to increases in professional fees, administrative fees, and database management fees. The net non-operating revenues, consisting of investment income, net of fees, increased by \$13,396.

Overview of the Financial Statements

The discussion and analysis is an introduction to the Board’s basic financial statements, which are comprised of two components: (1) financial statements and (2) notes to financial statements. This report also contains required supplementary information in addition to the basic financial statements.

Basic Financial Statements

The financial statements of the Board report information about the Board using the cash basis of accounting.

The Statement of Net Position (page 6) presented assets and liabilities separately.

The Statement of Revenues, Expenses and Changes in Net Position (page 7) present information on how the Board’s asset changed as a result of the year’s operations.

**NORTH CAROLINA ADDICTIONS SPECIALIST PROFESSIONAL PRACTICE BOARD
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u> <u>(as restated)</u>
ASSETS		
Current assets	\$ 1,354,222	\$ 1,361,642
Total assets	<u>1,354,222</u>	<u>1,361,642</u>
LIABILITIES		
Current liabilities	-	-
Total liabilities	<u>-</u>	<u>-</u>
NET POSITION		
Unrestricted	1,354,222	1,361,642
Total net position	<u>\$ 1,354,222</u>	<u>\$ 1,361,642</u>

Request for Information

The 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. Questions concerning any of the information presented in this report or requests for additional financial information should be addressed to the North Carolina Addictions Specialist Professional Practice Board at P.O. Box 10126 150, Raleigh, North Carolina 27605.

NORTH CAROLINA ADDICTIONS SPECIALIST PROFESSIONAL PRACTICE BOARD
Statement of Financial Position - Cash Basis
June 30, 2024

ASSETS

Current assets:

Cash in bank	\$ 120,802
Investments	<u>1,233,420</u>
Total current assets	<u>1,354,222</u>
Total assets	<u>1,354,222</u>

LIABILITIES

Current liabilities:

Due to Other State Agencies	<u>-</u>
Total current liabilities	<u>-</u>
Total liabilities	<u>-</u>

NET ASSETS

Unrestricted	<u>1,354,222</u>
Total net position	<u>\$ 1,354,222</u>

The accompanying notes to the financial statements are an integral part of these statements.

NORTH CAROLINA ADDICTIONS SPECIALIST PROFESSIONAL PRACTICE BOARD
Statement of Revenues, Expenses and Changes in Net Position - Cash Basis
Year Ended June 30, 2024

Operating revenues:	
License and exam fees	\$ 872,410
Criminal background fees	56,500
Other operating revenues	11,766
Total operating revenues	<u>940,676</u>
Operating expenses:	
Administrative services	475,000
Meeting expenses	1,120
Credit card processing fees	30,042
Criminal background expense	52,060
Consultants	15,000
Database management fees	63,069
Dues and memberships	16,385
Exam fees	152,780
Office and supplies	13,887
Postage	6,605
Professional fees	216,888
Telephone	(83)
Storage	2,220
Miscellaneous	2,948
Total expenses	<u>1,047,921</u>
Operating loss	<u>(107,245)</u>
Non-operating revenues (expenses):	
Investment income	99,825
Total non-operating revenues (expenses)	<u>99,825</u>
Change in net position	<u>(7,420)</u>
Net position at beginning of year, as previously stated	977,654
Prior period adjustment	<u>383,988</u>
Net position at beginning of year, as restated	<u>1,361,642</u>
Net position at end of year	<u><u>\$ 1,354,222</u></u>

The accompanying notes to the financial statements are an integral part of these statements.

NORTH CAROLINA ADDICTIONS SPECIALIST PROFESSIONAL PRACTICE BOARD

Notes to the Financial Statements

June 30, 2024

NOTE 1 - NATURE OF ACTIVITIES

The North Carolina Addictions Specialist Professional Practice Board (the “Board”) is an independent State agency. It is an occupational licensing board authorized by Chapter 90 of the *North Carolina General Statutes*. The Board is composed of nine members, in which some are appointed by the Governor and the North Carolina General Assembly. The Board is established to maintain minimum standards for services provided by addiction specialist professionals. The Board's operations are financed with self-generated revenues from fees charged to licensees.

NOTE 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 (“U.S. GAAP”), the financial reporting entity includes both the primary government, and all of its component unites. 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 only the 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 financial statements have been reported in accordance with the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis, revenues are general recognized when collected rather than when earned and expenses are generally recognized when paid rather than when incurred. . 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

The Board classifies its revenues and expenses as operating and non-operating in the accompanying statements of revenues, expenses and changes in net position. Operating revenues include activities that have characteristics of exchange transactions and consist primarily of license renewal fees.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Board considers all highly liquid investments with an original maturity of three months or less to be cash.

Investments

The Board reports investments at fair value, which is based on readily available published values. The Board's investments consist of mutual funds, common and preferred stocks, corporate bonds, and government bonds.

NORTH CAROLINA ADDICTIONS SPECIALIST PROFESSIONAL PRACTICE BOARD
Notes to the Financial Statements
June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

The Board's net position is classified as follows:

Unrestricted – This represents assets with no external restriction as to use or purpose. This equity can be employed for any purpose designated by the governing board.

Use of Estimates

The preparation of financial statements in conformity with the cash basis of accounting 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 amount of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates and assumptions, resulting in adjustments in future periods.

NOTE 3 – DEPOSITS AND INVESTMENTS

The Board has a formal investment policy to establish investment objectives, standards of prudence, eligible investments, and safekeeping and custodial procedures necessary for the prudent management of the private funds maintained by the Board. The Board maintains cash deposits with a single, private financial institution. Investments are maintained by a brokerage firm. Investments include mutual funds, common and preferred stocks, corporate bonds, and government bonds. The Board is subject to the following risks:

Custodial credit risk

The Board places its cash and cash equivalents on deposit with financial institutions in the United States. Combined deposits with each commercial bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2024, the Board's cash deposits were below the FDIC limit. The Board has not adopted a formal policy regarding custodial credit risk for deposits.

The Board has a PayPal account which is not covered by FDIC. At June 30, 2024, the Board had uninsured cash deposits of \$3,393 in the PayPal account. The Securities Investor Protection Corporation (SIPC) is a nonprofit membership corporation funded by its member securities broker-dealers. The SIPC insures against the loss or theft of securities as well as the failure of insolvency of the brokerage firm. Also, at June 30, 2024, the Board owned investments that exceeded the SIPC limit of \$500,000 by \$733,420.

Interest rate risk:

Interest rate risk is the risk the Board may face should interest rate variances affect the fair value of investments.

Credit risk

Credit risk is the risk of an insurer or other counterparty to an investment will not fulfill its obligation. At June 30, 2024, the Board's portfolio, which consisted of U.S. government and government agency funds, had the following credit rates as rated by Moody's Investor Service:

Credit Rating

AAA	\$ 98,270
BAA1	57,478
BA2	54,624
	<u>\$ 210,372</u>

NORTH CAROLINA ADDICTIONS SPECIALIST PROFESSIONAL PRACTICE BOARD
Notes to the Financial Statements
June 30, 2024

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

The maturity of the Board’s corporate and governmental bonds, totaling \$403,166 as of June 30, 2024, has maturities of less than 3 years.

NOTE 4 – CONTRACTUAL MANAGEMENT SERVICES

The Board does not have any employees. The Board has an annual contract with a company located in Raleigh, North Carolina to provide administrative services. The contract includes all services related to the process of the license application, license renewal, and various other duties. The Board also reimburses the management company for miscellaneous office supplies and expenses. The amount paid under the contract during the year ending June 30, 2024 totaled \$475,000.

NOTE 5 – FAIR VALUE MEASUREMENTS

Fair value, as defined under U.S. GAAP, is an exit price representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value.

These tiers include:

Level 1: Observable inputs such as quoted prices in active markets.

Level 2: Inputs other than quoted prices in active markets that are either directly or indirectly observable.

Level 3: Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Board's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

The following tables set forth by level the fair value hierarchy of the Board's financial assets and liabilities accounted for at fair value on a recurring basis as of June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stocks	\$ 304,275	\$ -	\$ -	\$ 304,275
Mutual funds	448,659	-	-	448,659
Preferred stocks	-	77,370	-	77,370
Corporate bonds	-	270,372	-	270,372
Government bonds	-	132,744	-	132,744
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$ 752,934</u>	<u>\$ 480,486</u>	<u>\$ -</u>	<u>\$ 1,233,420</u>

NORTH CAROLINA ADDICTIONS SPECIALIST PROFESSIONAL PRACTICE BOARD
Notes to the Financial Statements
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 state-administered risk programs and self-retention of certain risks. The Board protects itself from exposure to loss through the purchase of commercial insurance coverage. There have been no significant reductions in insurance coverage from the previous year.

NOTE 7 - RESTATEMENT

Due to a change in accounting method in the current year to the cash basis of accounting, management began recording revenues as received and expenses as paid.. Accordingly, management has restated its results as of and for the year ended June 30, 2023, for the effect of these accounting errors reflected in the prior year's financial statements. The effect of the changes as of and for the year ended June 30, 2023 are as follows:

	As Originally Reported <u>June 30, 2023</u>	As Adjusted <u>June 30, 2023</u>	Effect of Change
Prepaid expenses	\$ 14,500	\$ -	\$ 14,500
Accounts payable	\$ 63,806	\$ -	\$ (63,806)
Unearned revenue	\$ 334,693	\$ -	\$ (334,693)
Net position	\$ 977,654	\$ 1,361,642	\$ 383,988

NOTE 8 - SUBSEQUENT EVENTS

Management has evaluated subsequent events to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through November 8, 2024 which is the date the financial statements were available to be issued.

The Board’s audit was conducted in approximately 75 hours at a total cost of \$15,000.