

**NORTH CAROLINA BOARD OF EXAMINERS FOR SPEECH AND LANGUAGE
PATHOLOGISTS AND AUDIOLOGISTS**

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

**NORTH CAROLINA BOARD OF EXAMINERS FOR SPEECH AND LANGUAGE
PATHOLOGISTS AND AUDIOLOGISTS**

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Year Ended September 30, 2024 and
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BOARD MEMBERS

Sherri L. Smith, PhD, Au.D., Chair

Brenda Fairfax, Ed.D.

Eric Formeister, M.D.

Douglas Garrison, Au.D.

Lillian Henderson, SLP

Elizabeth Roberts Maynor, SLP

Mary Jane Richardson, J.D.

EXECUTIVE OFFICER

Denise S. Brown, Executive Director

LEGAL COUNSEL

Nahale Freeland Kalfas

**NORTH CAROLINA BOARD OF EXAMINERS FOR SPEECH AND LANGUAGE
PATHOLOGISTS AND AUDIOLOGISTS**

TABLE OF CONTENTS

	<u>Page</u>
MANAGEMENT’S DISCUSSION AND ANALYSIS	1 - 4
INDEPENDENT AUDITOR’S REPORT	5 - 7
FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2024	
Statement of Net Position	8
Statement of Revenues, Expenses and Changes in Net Position	9 - 10
Statement of Cash Flows	11
Notes to Financial Statements	12 - 19

NORTH CAROLINA BOARD OF EXAMINERS FOR SPEECH AND LANGUAGE PATHOLOGISTS AND AUDIOLOGISTS

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 the following primary sections: Management's Discussion and Analysis and the Financial Statements. The Financial Statements 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, required supplementary information, 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. All activities of the Board are accounted for within the proprietary (enterprise) fund.

The *Statement of Net Position* presents 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 *Statement of Revenues, Expenses, and Changes in Net Position* presents 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 nonoperating in the financial statements.

The *Statement of Cash Flows* presents 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.

NORTH CAROLINA BOARD OF EXAMINERS FOR SPEECH AND LANGUAGE PATHOLOGISTS AND AUDIOLOGISTS

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 \$1,231,428 for the year ended September 30, 2024; and by \$1,221,732 for the year ended September 30, 2023. The largest component of net position was cash and investments which represented 117.82% of total net position for the year ended September 30, 2024; and 120.67% of total net position for the year ended September 30, 2023. Current assets consist of cash and cash equivalents, and prepaid expenses. Current liabilities consist of accounts payable (due to vendors), payroll related liabilities, lease liability, and unearned revenue. Noncurrent assets consist of long-term investments, capital assets (net of accumulated depreciation), and a right-to-use lease asset (net of amortization). Long-term liabilities consist of lease liabilities (long-term portion), and accrued leave not expected to be used within the next twelve months after year end. The Board had a commitment under a lease for the right-to use office space. The Board's noncurrent assets and long-term liabilities increased primarily due to the recognition of an intangible right-to-use lease asset and related lease liability in accordance with GASB Statement No. 87. Net position consists of net assets invested in capital assets, and unrestricted net position. Net investment in capital assets is a component of net position and consists of capital and right-to-use lease assets (net of depreciation and amortization), and reduced by the outstanding liabilities (if any) related to those capital assets.

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

	Current Year as of September 30, 2024	Prior Year as of September 30, 2023	Amount of Change ***	Percentage Change
Current assets	\$ 993,345	\$ 1,030,335	\$ (36,990)	-3.59%
Noncurrent assets, net	126,619	21,474	105,145	489.64%
Other assets	483,908	473,494	10,414	2.20%
Total assets	<u>\$ 1,603,872</u>	<u>\$ 1,525,303</u>	<u>\$ 78,569</u>	<u>5.15%</u>
Current liabilities	\$ (280,210)	\$ (292,057)	\$ 11,847	-4.06%
Long-term liabilities	(92,234)	(11,514)	(80,720)	701.06%
Total liabilities	<u>\$ (372,444)</u>	<u>\$ (303,571)</u>	<u>\$ (68,873)</u>	<u>22.69%</u>
Net Investment in capital assets	\$ 17,637	\$ 21,474	\$ (3,837)	-17.87%
Unrestricted	1,213,791	1,200,258	13,533	1.13%
Total net position	<u>\$ 1,231,428</u>	<u>\$ 1,221,732</u>	<u>\$ 9,696</u>	<u>0.79%</u>

During 2024, the Board's net position increased by \$9,696, or .79%, due primarily to the Board's operating revenues exceeding its operating expenses.

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

	The year ended September 30, 2024	The year ended September 30, 2023	Amount of Change ***	Percentage Change
Operating revenues	\$ 639,895	\$ 579,965	\$ 59,930	10.33%
Operating expenses	(638,365)	(553,461)	(84,904)	15.34%
Non-operating rev/exp	8,166	1,020	7,146	700.59%
Change in net position	<u>\$ 9,696</u>	<u>\$ 27,524</u>	<u>\$ (17,828)</u>	<u>\$ -64.77%</u>
Ending net position	<u>\$ 1,231,428</u>	<u>\$ 1,221,732</u>	<u>\$ 9,696</u>	<u>\$ 0.79%</u>

*** An increase in assets, decrease in liabilities, increase in net position, increase in revenues, decrease in expenses, and increase in non-operating rev/exp are denoted as a positive in the 'amount of change' columns above. A decrease in assets, increase in liabilities, decrease in net position, decrease in revenues, increase in expenses, and decrease in non-operating rev/exp are denoted as a negative in the 'amount of change' columns above.

NORTH CAROLINA BOARD OF EXAMINERS FOR SPEECH AND LANGUAGE PATHOLOGISTS AND AUDIOLOGISTS

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. 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 September 30, 2024	The year ended September 30, 2023	Amount of Change **	Percentage Change
License renewal fees	\$ 507,960	\$ 470,760	\$ 37,200	7.90%
Permanent license fees	49,980	29,820	20,160	67.61%
Speech assistant fees	28,460	25,120	3,340	13.30%
Incorporation certificates	5,650	5,400	250	4.63%
Delinquent fees	1,525	4,050	(2,525)	-62.35%
Temporary license fees	13,240	12,520	720	5.75%
Application fees	21,960	23,550	(1,590)	-6.75%
Verification fees	7,995	7,425	570	7.68%
Wall and duplicate certificates	525	520	5	0.96%
Label sales	2,600	800	1,800	225.00%
Total	\$ 639,895	\$ 579,965	\$ 59,930	10.33%

During 2024, the operating revenues of the Board increased by \$59,930, or 10.33%, due primarily to an increase in license renewal and permanent license fees.

The following is a comparative breakdown of operating expenses.

	The year ended September 30, 2024	The year ended September 30, 2023	Amount of Change **	Percentage Change
Personal services	\$ 368,424	\$ 345,874	\$ 22,550	6.52%
Supplies and materials	19,203	13,508	5,695	42.16%
Services	182,168	121,583	60,585	49.83%
Depreciation and amortization	35,887	9,246	26,641	288.14%
Commercial insurance	29,110	27,240	1,870	6.86%
Other expenses	3,573	36,010	(32,437)	-90.08%
Total	\$ 638,365	\$ 553,461	\$ 84,904	15.34%

During 2024, the operating expenses of the Board increased by \$84,904, or 15.34%, due primarily to an increase in database expenses and payroll expenses.

****** An increase in revenues and increase in expenses are denoted as a positive in the 'amount of change' columns above. A decrease in revenues and decrease in expenses are denoted as a negative in the 'amount of change' columns above.

NORTH CAROLINA BOARD OF EXAMINERS FOR SPEECH AND LANGUAGE PATHOLOGISTS AND AUDIOLOGISTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Summary, Highlights, and Analysis

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

	The year ended September 30, 2024	The year ended September 30, 2023	Amount of Change *	Percentage Change
Interest income	\$ 11,546	\$ 922	\$ 10,624	1152.28%
Interest expense on lease asset	(3,380)		(3,380)	100.00%
Gain (loss) on disposition(s)		98	(98)	-100.00%
Total	\$ 8,166	\$ 1,020	\$ 7,146	700.59%

During 2024, the non-operating revenues of the Board increased by \$7,146, or 700.59%, due primarily to interest earnings on investments.

The following is a comparative summary of capital assets.

	The year ended September 30, 2024	The year ended September 30, 2023	Amount of Change *	Percentage Change
Noncurrent assets (capital & lease)	\$ 229,624	\$ 90,267	\$ 139,357	154.38%
Less accumulated depr/amort	(103,005)	(68,793)	(34,212)	49.73%
Total	\$ 126,619	\$ 21,474	\$ 105,145	489.64%

The Board's noncurrent assets increased primarily due to the recognition of an intangible right-to-use lease asset in accordance with GASB Statement No. 87.

* An increase in interest income, decrease in interest expense, increase in gain(loss) on disposition, increase in assets, and decrease in accumulated depr/amort are denoted as a positive in the 'amount of change' columns above. A decrease in interest income, increase in interest expense, decrease in gain(loss) on disposition, decrease in assets, and increase in accumulated depr/amort are denoted as a negative in the 'amount of change' columns above.

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. The Board anticipates that revenues and expenses of the Board in the upcoming year will be comparable to preceding years.

Contacting the Board's Management

This financial report is designed to provide a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives. If you have any questions about this report or need additional information, contact the North Carolina Board of Examiners for Speech and Language Pathologists and Audiologists, P.O. Box 16885, Greensboro, North Carolina 27416.

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INDEPENDENT AUDITOR'S REPORT

Members of the Board
North Carolina Board of Examiners for Speech and Language Pathologists and Audiologists
Greensboro, North Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the North Carolina Board of Examiners for Speech and Language Pathologists and Audiologists (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 September 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 Examiners for Speech and Language Pathologists and Audiologists as of September 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.

A handwritten signature in black ink that reads "Hawley, C.P.A., P.A." in a cursive, slightly slanted script.

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

Angier, North Carolina

January 10, 2025

**NORTH CAROLINA BOARD OF EXAMINERS FOR SPEECH AND LANGUAGE
PATHOLOGISTS AND AUDIOLOGISTS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024**

	September 30, 2024
	Proprietary-Enterprise Fund
ASSETS	
Current assets:	
Cash and cash equivalents (Notes 1 and 2)	\$ 966,999
Prepaid expenses (Note 1)	26,346
Total current assets	993,345
Non-current assets:	
Right-to-use office lease asset, net of amortization (Notes 1 and 3)	107,662
Office furniture and equipment, net of depreciation (Notes 1 and 3)	18,957
Total non-current assets	126,619
Other assets:	
Investments (Notes 1 and 2)	483,908
Total other assets	483,908
TOTAL ASSETS	\$ 1,603,872
LIABILITIES AND NET POSITION	
Current liabilities:	
Accounts payable (Note 4)	\$ 10,005
Retirement payable (and related withholding)	3,047
Accrued compensated leave - current portion (Notes 1 and 6)	9,653
Lease liability - current portion (Notes 1, 5 and 6)	28,545
Unearned revenue (Note 1)	228,960
Total current liabilities	280,210
Long-term liabilities:	
Accrued compensated leave - long-term portion (Notes 1 and 6)	11,797
Lease liability - long-term portion (Notes 1, 5 and 6)	80,437
Total long-term liabilities	92,234
TOTAL LIABILITIES	372,444
NET POSITION (NOTE 1)	
Net investment in capital assets	17,637
Unrestricted net position	1,213,791
TOTAL NET POSITION	1,231,428
TOTAL LIABILITIES AND NET POSITION	\$ 1,603,872

See notes to financial statements.

**NORTH CAROLINA BOARD OF EXAMINERS FOR SPEECH AND LANGUAGE
PATHOLOGISTS AND AUDIOLOGISTS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2024**

	2024
	Proprietary-Enterprise Fund
OPERATING REVENUES:	
Fees, licenses and fines:	
License renewal fees	\$ 507,960
Permanent license fees	49,980
Speech assistant fees	28,460
Incorporation certificates	5,650
Delinquent fees	1,525
Temporary license fees	13,240
Application fees	21,960
Verification fees	7,995
Wall certificates and duplicate certificates	525
Sales and services:	
Label sales	2,600
Total operating revenues	\$ 639,895
OPERATING EXPENSES:	
Personal services (and board members expenses):	
Salaries and wages (including accumulated leave)	\$ 262,029
Payroll taxes	20,107
Retirement (Note 7)	19,290
Health insurance (Note 9)	46,923
Board members expenses - per diem	7,200
Professional development expenses	12,875
Supplies and materials:	
Office supplies and expenses	19,203
Services:	
Professional fees (including legal, audit and disciplinary hearing expenses)	37,588
Computer support	2,492
Database expense	91,070
Website design expenses	2,845
Travel, motels, and meals (including related costs)	23,478
Printing and copying	5,803
Postage	10,476
Telephone	8,170
Bank charges	246

See notes to financial statements.

**NORTH CAROLINA BOARD OF EXAMINERS FOR SPEECH AND LANGUAGE
PATHOLOGISTS AND AUDIOLOGISTS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2024**

	2024
	Proprietary-Enterprise Fund
OPERATING EXPENSES (CONTINUED):	
Depreciation (Notes 1 and 3)	6,523
Amortization (Notes 1 and 3)	29,364
Commercial insurance (Note 9)	29,110
Other expenses:	
Miscellaneous expenses	3,573
Total operating expenses	<u>\$ 638,365</u>
Operating income (loss)	\$ 1,530
NON-OPERATING REVENUES (EXPENSES)	
Interest income	\$ 11,546
Interest expense on right-to-use lease (Note 5)	<u>(3,380)</u>
Total non-operating revenues	<u>\$ 8,166</u>
Change in net position	<u>\$ 9,696</u>
Net position - beginning of year	<u>1,221,732</u>
Net position - end of year	<u><u>\$ 1,231,428</u></u>

See notes to financial statements.

**NORTH CAROLINA BOARD OF EXAMINERS FOR SPEECH AND LANGUAGE
PATHOLOGISTS AND AUDIOLOGISTS
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2024**

	2024
	Proprietary-Enterprise Fund
Cash flows from operating activities:	
Cash received from fees and operating revenue	\$ 609,475
Cash payments to employees for services (including benefits)	(375,403)
Cash payments for operating expenses	(233,499)
Net cash provided (used) by operating activities	<u>\$ 573</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	\$ (4,006)
Principal and interest paid on right-to-use lease asset	(31,424)
Net cash used in capital and related financing activities	<u>\$ (35,430)</u>
Cash flows from investing activities:	
Interest income	\$ 11,546
Transfers (to) from investments	(10,414)
Net cash provided (used) by investing activities	<u>\$ 1,132</u>
Net increase (decrease) in cash	<u>\$ (33,725)</u>
Cash - beginning of year	<u>1,000,724</u>
Cash - end of year	<u><u>\$ 966,999</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	<u>\$ 1,530</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	\$ 35,887
Changes in assets and liabilities:	
Prepaid expense	3,265
Accounts payable	(2,710)
Payroll related liabilities	(6,979)
Unearned revenue	(30,420)
Total adjustments	<u>\$ (957)</u>
Net cash provided (used) by operating activities	<u><u>\$ 573</u></u>

See notes to financial statements.

**NORTH CAROLINA BOARD OF EXAMINERS FOR SPEECH AND LANGUAGE
PATHOLOGISTS AND AUDIOLOGISTS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024**

Note 1 - Nature of Activities and Significant Accounting Policies

Description of Organization and Purpose

The North Carolina Board of Examiners for Speech and Language Pathologists and Audiologists (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. The Board is composed of seven members who are appointed by the Governor of the State of North Carolina. It is a nonmajor enterprise fund of the primary government of the State of North Carolina and is reported as such in the State's Annual Comprehensive Financial Report (ACFR).

The Board is established to maintain minimum standards for services provided by speech and language pathologists and audiologists.

The Board's operations are financed with self-generated revenues from fees charged to licensees.

Financial Reporting Entity

The concept underlying the definition of the financial reporting entity is that elected officials are accountable to their constituents for their actions. As required by accounting principles generally accepted in the United States of America (GAAP), the financial reporting entity includes both the primary government and all of its component units. An organization other than a primary government serves as a nucleus for a reporting entity when it issues separate financial statements. The accompanying financial statements present all funds and activities for which the Board is responsible.

For financial reporting purposes, the Board is a nonmajor enterprise fund of the primary government of the State of North Carolina and is reported as such in the State's Annual Comprehensive Financial Report (ACFR). These financial statements for the Board are separate and apart from those of the State of North Carolina and do not present the financial position of the State nor changes in the State's financial position and cash flows.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards.

All activities of the Board are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

**NORTH CAROLINA BOARD OF EXAMINERS FOR SPEECH AND LANGUAGE
PATHOLOGISTS AND AUDIOLOGISTS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024**

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

Basis of Accounting

The basic financial statements of the Board are prepared using the economic resource measurement focus and the accrual basis of accounting. The economic resource measurement focus measures all assets that are available to the entity, not only cash or soon to be assets. Both long-term assets and long-term liabilities are measured and depreciation is recorded as a cost of operations. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when a liability has been incurred, regardless of the timing of cash flows. Fees received for the various licenses are deemed earned when the license period begins.

The Statement of Revenues, Expenses, and Changes in Net Position classifies the Board's revenues as operating or non-operating revenues. Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Board. Operating revenues consist primarily of license fees and includes activities that have characteristics of exchange transactions. Operating expenses are all expense transactions incurred other than those related to capital and noncapital financing or investing activities as defined by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Non-operating revenues and expenses consist of those revenues and expenses that are related to investing, capital, and non-capital financing activities; and are classified as non-operating in the financial statements.

Cash and Cash Equivalents

This classification includes undeposited receipts (if any), petty cash (if any), checking accounts and time deposits (excluding certain certificates of deposit, if any) held by the Board.

Investments

The Board is authorized to invest idle funds in accordance with North Carolina General Statutes. This classification consists of certain certificates of deposit 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 Expense

This classification includes expense which was prepaid at year end for commercial insurance coverage and membership dues.

**NORTH CAROLINA BOARD OF EXAMINERS FOR SPEECH AND LANGUAGE
PATHOLOGISTS AND AUDIOLOGISTS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024**

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

Capital Assets

Office furniture 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 \$100 or greater at the date of acquisition and an estimated useful life of more than one year. Lease liabilities are capitalized as a right-to-use lease asset when the right-to-use lease asset has a cost of \$10,000 or greater and an estimated useful life of more than one year. Depreciation and amortization are computed using the straight-line and units of output method over the estimated useful lives of the assets generally estimated as follows: office furniture and equipment, 5 to 10 years; and right-to-use lease assets, 3 to 7 years.

Noncurrent Long-Term Liabilities

Noncurrent long-term liabilities include principal amounts of long-term debt and other long-term liabilities that will not be paid within the next fiscal year. Debt is defined as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Noncurrent long-term liabilities include compensated absences and lease liabilities that will not be paid within the next fiscal year.

Compensated Absences

After meeting the years of aggregate service qualification period worked requirements and other Board requirements, Board employees accumulate paid time off leave (which is not specified as either vacation leave or sick leave). Accumulation of paid time off leave is cumulative up to 560 hours and may be used during the year, or be paid out at termination or retirement from the Board at fifty percent of paid time off leave accumulated. Paid time off leave in the amount of fifty percent of accumulated paid time off leave is accrued as a liability at year end because of this maximum payout of fifty percent provision, and because historically employees do not on average use more than fifty percent of accumulated paid time off leave during a usual year. Accordingly, accumulated earned compensated leave payable at September 30, 2024 consisted of the following:

	September 30, 2024
Current portion	\$ 9,653
Long-term portion	11,797
Total	<u>\$ 21,450</u>

Since the Board has no definitive obligation for the accumulated paid time off leave in excess of fifty percent of accumulated paid time off leave until it is actually taken, or until a decision is made to take a payout, either through termination or retirement, no accrual for fifty percent of paid time off leave has been made. Accordingly, the Board has a contingent liability for paid time off leave in the amount of \$21,450 at September 30, 2024.

Unearned Revenue

The Board's licensing term is on an annual basis, which begins with each respective licensee's inception date, and ends on each respective licensee's subsequent year anniversary date. Licenses are renewed for a period of one year. License fees are deferred and recognized as revenue over the period to which they relate.

**NORTH CAROLINA BOARD OF EXAMINERS FOR SPEECH AND LANGUAGE
PATHOLOGISTS AND AUDIOLOGISTS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024**

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

Net Position

Net Investment in capital assets - This component of net position consists of total investment in capital assets (net of accumulated depreciation/amortization), and reduced by the outstanding liabilities related to those capital assets.

Restricted net position - This component of net position consists of net position which the Board is legally or contractually obligated to spend in accordance with restrictions imposed by external parties. The Board had no *restricted net position*.

Unrestricted net position - This component of net position consists of net position that does not meet the definition of *restricted or net investment in capital assets*. The Board has designated a reserve for legal expenses in the amount of \$245,036, a reserve for consumer and licensee education expenses in the amount of \$28,000, and a reserve for expenses related to the potential enactment of the Audiology & Speech-Language Pathology Interstate Compact agreement in North Carolina (an interstate agreement between states that offers a pathway for licensure to qualified audiologists and speech-language pathologists who wish to practice in multiple states) in the amount of \$150,000, for the year ended September 30, 2024, for its unrestricted net position.

Reclassification

Certain amounts in the prior year comparative information were reclassified to conform with the current year presentation.

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 NCGS 159-31 and NC Administrative Code (20 NCAC 7)] by the financial institution holding said deposits. For deposits, custodial credit risk is the risk that in the event of the failure of the depository (or counterparty), the Board will not be able to recover the value of its deposits that are in the possession of the outside party. The Board does not have formal written policies regarding custodial credit risk for deposits.

At September 30, 2024, the Board's deposits had a carrying amount of \$1,450,907 and a bank balance of \$1,464,255. Of the bank balance, \$842,357 was covered by federal depository insurance (FDIC), \$250,000 was insured by the National Credit Union Administration (NCUA), and \$371,898 was uninsured and uncollateralized [unless collateralized pursuant to NC Administrative Code (20 NCAC 7)]. Certificates of deposit in the amount of \$483,908 are considered time deposits for this disclosure and are classified as investments on the Statement of Net Position.

**NORTH CAROLINA BOARD OF EXAMINERS FOR SPEECH AND LANGUAGE
PATHOLOGISTS AND AUDIOLOGISTS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024**

Note 2 - Deposits and Investments (Continued)

The Board is subject to the following risks:

Interest rate risk - Interest rate risk is defined by GASB Statement No. 40, Deposit and Investment Risk Disclosures – An Amendment of GASB Statement No. 3, is the risk a government may face should interest rate variances affect the value of investments. The Board’s present policy for managing interest rate risk is to limit its investments to certificates of deposits with maturities of no more than 60 months.

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 with maturities of no more than 60 months.

The following table presents the investments by type and investments subject to interest rate risk and credit risk at September 30, 2024.

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturities</u>	<u>Ratings</u>
Certificates of Deposit	\$ 483,908	14 Months	N/A

Certificates of deposit reported as investments are also a component of the deposit totals reported in the deposits section of this note.

Reconciliation of Deposits and Investments

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

	<u>September 30, 2024</u>
Carrying Amount of Bank Deposits-Checking and Money Market	\$ 966,999
Certificates of Deposit	483,908
Total Deposits and Investments	<u>\$ 1,450,907</u>
Current:	
Cash and Cash Equivalents	\$ 966,999
Noncurrent:	
Investments	483,908
Total Deposits and Investments	<u>\$ 1,450,907</u>

**NORTH CAROLINA BOARD OF EXAMINERS FOR SPEECH AND LANGUAGE
PATHOLOGISTS AND AUDIOLOGISTS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024**

Note 3 - Capital Assets

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

	Cost at 9-30-2023	Increases	Decreases	Cost 9-30-2024	Accum Depr/Amort	Net Amount
Office furniture/equip	\$ 90,267	\$ 4,006	\$ (1,675)	\$ 92,598	\$ 73,641	\$ 18,957
Right-to-use lease-building		137,026		137,026	29,364	107,662
	<u>\$ 90,267</u>	<u>\$ 141,032</u>	<u>\$ (1,675)</u>	<u>\$ 229,624</u>	<u>\$ 103,005</u>	<u>\$ 126,619</u>

When an asset is disposed of, the cost of the asset and the related accumulated depreciation is removed from the books. Any gain or loss on disposition is reflected in earnings for the period. Depreciation expense was \$6,523 for the fiscal year ended September 30, 2024. Amortization expense was \$29,364 for the fiscal year ended September 30, 2024.

Note 4 - Accounts Payable

Accounts payable consists of amounts due to vendors in the ordinary operations of the Board. Accounts payable due in the ordinary operations of the Board which are due to other state agencies (if any) are reported separately.

	September 30, 2024
Due to Vendors	\$ 10,005
Total Accounts Payable	<u>\$ 10,005</u>

Note 5 - Lease

GASB Statement No. 87 increases the usefulness of the Board's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. It establishes a single model for lease accounting based on the foundation principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, thereby enhancing the relevance and consistency of information about leasing activities. The Board's leasing arrangements at September 30, 2024 are summarized below:

Classification	No. of Lease Contracts	Lease Liability at 9-30-2024	Current Portion	Lease Term	Interest Rate
Right-to-Use Office Lease	1	\$ 108,982	\$ 28,545	56 months	3%

Measurement of the lease liability excluded the following variable payment amounts: (1) the increase or decrease in payments after the initial measurement of the lease liability that depend on changes in an index or rate (such as the Consumer Price Index) and (2) payments based on future performance or usage of the underlying assets. During the fiscal year ended September 30, 2024, the Board did not recognize any variable payment amounts. The Board had a commitment under the lease term as follows: a fifty-six month lease agreement for the right-to-use office space beginning October 2023. During the fiscal year ended September 30, 2024, the Board made the following principal and interest lease payments.

Fiscal Year	Principal	Interest	Total
2024	\$ 28,044	\$ 3,380	\$ 31,424

**NORTH CAROLINA BOARD OF EXAMINERS FOR SPEECH AND LANGUAGE
PATHOLOGISTS AND AUDIOLOGISTS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024**

Note 5 - Lease (Continued)

Future principal and interest lease payments are scheduled as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 28,545	\$ 2,879	\$ 31,424
2026	29,413	2,011	31,424
2027	30,307	1,117	31,424
2028	20,717	233	20,950
Total	<u>\$ 108,982</u>	<u>\$ 6,240</u>	<u>\$ 115,222</u>

Additional information regarding leases is included in Notes 1 and 6.

Note 6 - Non-Current Liabilities

A summary of changes in non-current liabilities for the year ended September 30, 2024 follows:

	Balance 9-30-2023	Additions	Deletions	Balance 9-30-2024	Current	Non-Current
Compensated Absences	\$ 20,934	\$ 15,521	\$ 15,005	\$ 21,450	\$ 9,653	\$ 11,797
Lease Liability		137,026	28,044	108,982	28,545	80,437
Total Long-Term Liabilities	<u>\$ 20,934</u>	<u>\$ 152,547</u>	<u>\$ 43,049</u>	<u>\$ 130,432</u>	<u>\$ 38,198</u>	<u>\$ 92,234</u>

Additional information regarding lease liability is included in Notes 1 and 5.

Note 7 - Retirement Plan(s) and Postemployment Benefits Other Than Retirement Plan(s)

Salary Reduction Simplified Employee Pension Plan

On January 1, 1997, the Board entered into a Salary Reduction Simplified Employee Pension (SARSEP) plan agreement on behalf of eligible employee(s) of the Board. Four employees were covered under the plan at September 30, 2024; one management employee and three clerical staff employees. Only the Board contributes to the plan, and only the Board has the authority to authorize and amend the plan. There are no forfeitures inuring to other employees under this type plan. The Board's payroll for employee(s) covered by the plan for the year ended September 30, 2024 was \$241,125; the Board's total payroll was \$262,029. The Board's pension contribution amounted to \$19,290 for 2024 (8% of covered compensation). The Board's payroll for employee(s) covered by the plan for the year ended September 30, 2023 was \$209,350; the Board's total payroll was \$243,362. The Board's pension contribution amounted to \$16,748 for 2023 (8% of covered compensation). The Board had no contingent liabilities to the plan at September 30, 2024 and 2023. The Board assumes no liability for retiree benefits provided by this program other than its required contributions. The Board has no postemployment benefits other than this defined contribution retirement plan. There were voluntary contributions to the plan, by employees, in the amount of \$16,419 (5%-8% of covered compensation) for the year ended September 30, 2024. There were voluntary contributions to the plan, by employees, in the amount of \$13,986 (5%-8% of covered compensation) for the year ended September 30, 2023.

**NORTH CAROLINA BOARD OF EXAMINERS FOR SPEECH AND LANGUAGE
PATHOLOGISTS AND AUDIOLOGISTS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024**

Note 8 - 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 does not materially affect the Board's operations, changes in financial position, or cash flows for the year herein ended.

Note 9 - 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. There have been no significant reductions in insurance coverage from coverage in the prior year, and no insurance claims (other than claims by employees for health coverage) were filed during the last three fiscal years.

Note 10 - Subsequent Events

Subsequent events have been evaluated through January 10, 2025, 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 96 hours at a cost of \$10,895.