

NORTH CAROLINA BOARD OF LANDSCAPE ARCHITECTS

**Financial Statements for the
Year Ended June 30, 2017 and
Independent Auditor's Report**

NORTH CAROLINA BOARD OF LANDSCAPE ARCHITECTS

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Independent Auditor's Report**

BOARD MEMBERS (2017)

Margaret A. Nealon, Chairman

Charles Roy Smith, Jr., Vice Chairman

Christine Lockwood Hilt, Treasurer

Thomas Hutchison Kerns

Sharron C. Scroggin

John A. Ross

Vacant Member

EXECUTIVE OFFICER

Barbara U. Geiger, Board Administrator

LEGAL COUNSEL

Jeffrey P. Gray, Attorney at Law
Bailey & Dixon, LLP

NORTH CAROLINA BOARD OF LANDSCAPE ARCHITECTS

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NORTH CAROLINA BOARD OF LANDSCAPE ARCHITECTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

This section of the Board's financial report represents Management's analysis of the Board's financial performance during the fiscal year ended June 30, 2017. Please read this in conjunction with the financial statements which follow this section.

Financial Highlights

During the fiscal year ended June 30, 2017, the Board's net position increased by \$19,607, or 9.57%, due primarily to an annual recurrence of operating revenues exceeding operating expenses.

During the fiscal year ended June 30, 2017, the operating revenues of the Board increased by \$9,595, or 7.09%, due primarily to an increase in license fees and application fees.

During the fiscal year ended June 30, 2017, the non-operating revenues of the Board increased by \$894, or 48.59%, due primarily to an increase in cash on hand and an increase in interest earnings rates.

During the fiscal year ended June 30, 2017, the operating expenses of the Board increased by \$4,812, or 3.91%, due primarily to an increase in board members expenses.

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

The Statement of Net Position presents the current and long-term portions of assets and liabilities separately.

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 Statement of Cash Flows presents information on how the Board's cash changed as a result of its financial activities.

NORTH CAROLINA BOARD OF LANDSCAPE ARCHITECTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Condensed Financial Information

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

	Current Year as of and for the year ended June 30, 2017	Current Year as of and for the year ended June 30, 2016
Current assets	\$ 323,418	\$ 303,333
Capital assets	215	215
Total assets	<u>\$ 323,633</u>	<u>\$ 303,548</u>
Current liabilities	\$ 99,201	\$ 98,723
Total liabilities	<u>\$ 99,201</u>	<u>\$ 98,723</u>
Investment in capital assets	\$ 215	\$ 215
Unrestricted	224,217	204,610
Total net position	<u>\$ 224,432</u>	<u>\$ 204,825</u>
Operating revenues	\$ 144,855	\$ 135,260
Operating expenses	<u>(127,982)</u>	<u>(123,170)</u>
Operating income	16,873	12,090
Non-operating revenues	2,734	1,840
Change in net position	<u>\$ 19,607</u>	<u>\$ 13,930</u>

NORTH CAROLINA BOARD OF LANDSCAPE ARCHITECTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis

Net position is an indicator of the fiscal health of the Board. Assets exceeded liabilities by \$224,432 for the year ended June 30, 2017. The largest component of net position was cash and cash equivalents. The following is a summary of the Statement of Net Position.

	Current Year as of June 30, 2017	Current Year as of June 30, 2016	Amount of Change	Percentage Change
Current assets	\$ 323,418	\$ 303,333	\$ 20,085	6.62%
Capital assets	215	215	0	0.00%
Total assets	<u>\$ 323,633</u>	<u>\$ 303,548</u>	<u>\$ 20,085</u>	<u>6.62%</u>
Current liabilities	\$ 99,201	\$ 98,723	\$ 478	0.48%
Total liabilities	<u>\$ 99,201</u>	<u>\$ 98,723</u>	<u>\$ 478</u>	<u>0.48%</u>
Invested in capital assets	\$ 215	\$ 215	\$ 0	0.00%
Unrestricted	224,217	204,610	19,607	9.58%
Total net position	<u>\$ 224,432</u>	<u>\$ 204,825</u>	<u>\$ 19,607</u>	<u>9.57%</u>

The following is a summary of the Statement of Revenues, Expenses, and Changes in Net Position

	The year ended June 30, 2017	The year ended June 30, 2016	Amount of Change	Percentage Change
Operating revenues	\$ 144,855	\$ 135,260	\$ 9,595	7.09%
Operating expenses	(127,982)	(123,170)	(4,812)	3.91%
Non-operating revenues	2,734	1,840	894	48.59%
Change in net position	<u>\$ 19,607</u>	<u>\$ 13,930</u>	<u>\$ 5,677</u>	<u>40.75%</u>
Ending net position	<u>\$ 224,432</u>	<u>\$ 204,825</u>	<u>\$ 19,607</u>	<u>9.57%</u>

NORTH CAROLINA BOARD OF LANDSCAPE ARCHITECTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a breakdown of operating revenues by source.

	The year ended June 30, 2017	The year ended June 30, 2016	Amount of Change	Percentage Change
License fees	\$ 129,850	\$ 123,925	\$ 5,925	4.78%
Application fees	11,600	7,800	3,800	48.72%
Late renewal fees	3,300	3,400	(100)	-2.94%
Miscellaneous operating revenues	105	135	(30)	-22.22%
Total	<u>\$ 144,855</u>	<u>\$ 135,260</u>	<u>\$ 9,595</u>	<u>7.09%</u>

The following is a breakdown of non-operating revenues by source.

	The year ended June 30, 2017	The year ended June 30, 2016	Amount of Change	Percentage Change
Interest income	\$ 2,734	\$ 1,840	\$ 894	48.59%
Total	<u>\$ 2,734</u>	<u>\$ 1,840</u>	<u>\$ 894</u>	<u>48.59%</u>

Events Affecting Future Operations

A committee appointed by the North Carolina Legislature, The Joint Legislative Administrative Procedure Oversight Committee, has been performing a study concerning the deregulation, elimination and consolidation of occupational licensing boards in the State of North Carolina. The effect of any resulting legislation on the Board's operations in future years is not certain at this time.

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 Landscape Architects, PO Box 41225, Raleigh, NC 27629.

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INDEPENDENT AUDITOR'S REPORT

Members of the Board
North Carolina Board of Landscape Architects
Raleigh, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the North Carolina Board of Landscape Architects (the "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, 2017, and the related notes to the financial statements, which comprise the Board's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on the audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the North Carolina Board of Landscape Architects as of June 30, 2017, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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, 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 historic 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 supplementary information because the limited procedures do not provide sufficient evidence to express an opinion or provide any assurance thereon.



Shelton L. Hawley, C.P.A., P.A.

Angier, North Carolina

November 6, 2018

**NORTH CAROLINA BOARD OF LANDSCAPE ARCHITECTS
STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2017**

	June 30, 2017
	Proprietary- Enterprise Fund
ASSETS	
Current assets:	
Cash in State Treasurer (STIF) (Note 2)	\$ 322,338
Due from management service	177
Prepaid expenses	903
Total current assets	323,418
Capital assets (Notes 1 and 3):	
Furniture and office equipment	215
Total capital assets- net of depreciation	215
TOTAL ASSETS	\$ 323,633
LIABILITIES AND NET POSITION	
Current liabilities:	
Accounts payable (Note 4)	\$ 13,301
Unearned revenue (Note 1)	85,900
Total current liabilities	99,201
TOTAL LIABILITIES	99,201
NET POSITION (NOTE 1)	
Investment in capital assets	215
Unrestricted net position	224,217
TOTAL NET POSITION	224,432
TOTAL LIABILITIES AND NET POSITION	\$ 323,633

See notes to financial statements.

NORTH CAROLINA BOARD OF LANDSCAPE ARCHITECTS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2017

	<u>2017</u>
	<u>Proprietary- Enterprise Fund</u>
OPERATING REVENUES:	
Fees, licenses, and fines:	
License fees (registration, certificate and renewal)	\$ 129,850
Application fees	11,600
Late renewal fees	3,300
Miscellaneous operating income	<u>105</u>
Total operating revenues	\$ 144,855
OPERATING EXPENSES:	
Personal services (and board members expenses):	
Board members expenses (including annual meeting expenses)	\$ 25,750
Committee members (board members) expenses	3,103
Training and education	737
Supplies and materials:	
Office supplies and expenses	924
Services:	
Contractual management services (Note 5)	57,000
Staff expenses - contractual management service	997
Legal, accounting and audit fees	18,305
Printing and copying	202
Postage	669
Telephone	1,067
Public awareness expenses	2,074
Website management expenses	6,000
Insurance	1,612
Other expenses:	
Dues and subscriptions	6,040

See notes to financial statements.

NORTH CAROLINA BOARD OF LANDSCAPE ARCHITECTS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2017

	<u>2017</u>
	Proprietary- Enterprise Fund
	<u> </u>
OPERATING EXPENSES (CONTINUED):	
Credit card processing fees	3,379
Repairs and maintenance - office equipment	<u>123</u>
Total operating expenses	<u>\$ 127,982</u>
Operating income (loss)	\$ 16,873
NON-OPERATING EXPENSES (EXPENSES):	
Interest income	<u>\$ 2,734</u>
Total non-operating revenues	\$ 2,734
Change in net position	<u>\$ 19,607</u>
Net position - beginning of year	<u>204,825</u>
Net position - end of year	<u><u>\$ 224,432</u></u>

See notes to financial statements.

NORTH CAROLINA BOARD OF LANDSCAPE ARCHITECTS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2017

	<u>2017</u>
	Proprietary- Enterprise Fund
Cash flows from operating activities:	
Cash received from fees	\$ 141,050
Cash received from other operating revenues	105
Cash payments for operating expenses	(123,144)
Net cash provided by operating activities	<u>\$ 18,011</u>
Cash flows from investing activities:	
Interest earnings	\$ 2,734
Net cash provided by investing activities	<u>\$ 2,734</u>
Net increase in cash	<u>\$ 20,745</u>
Cash - beginning of year	<u>301,593</u>
Cash - end of year	<u><u>\$ 322,338</u></u>

See notes to financial statements.

NORTH CAROLINA BOARD OF LANDSCAPE ARCHITECTS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2017

	<u>2017</u>
	Proprietary- Enterprise Fund
Reconciliation of operating income	
to net cash provided by operating activities:	
Operating income (loss)	<u>\$ 16,873</u>
Adjustments to reconcile operating income	
to net cash provided by operating activities:	
Changes in assets and liabilities:	
Other receivable	\$ 560
Prepaid expenses	100
Accounts payable	4,178
Unearned revenue	<u>(3,700)</u>
Total adjustments	\$ 1,138
Net cash provided by operating activities	<u><u>\$ 18,011</u></u>

See notes to financial statements.

NORTH CAROLINA BOARD OF LANDSCAPE ARCHITECTS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Note 1 - Nature of Activities and Significant Accounting Policies

Description of Organization and Purpose

The North Carolina Board of Landscape Architects (the "Board") is an independent State board. It is an occupational licensing board and is authorized by Chapter 89A 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 Comprehensive Annual Financial Report (CAFR).

The Board is established to maintain minimum standards for services provided by landscape architects.

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 Comprehensive Annual Financial Report (CAFR). 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 LANDSCAPE ARCHITECTS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

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 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.

Prepaid Expenses

This classification includes commercial insurance which was prepaid at year end.

Capital Assets

Capital assets 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 \$200 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 an annual basis for the period July 1 through June 30, which corresponds with the Board's accounting period. License renewal fees received in the latter part of the fiscal year are unearned and recognized as revenue over the one year period to which they relate.

NORTH CAROLINA BOARD OF LANDSCAPE ARCHITECTS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

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

Net Position

Investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any loan proceeds that are attributable to the acquisition, construction, or improvement of 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*. The Board has designated a reserve for investment; general economic decline; health, safety and welfare awareness/education; and fiduciary and tort claims expenses in the amount of \$75,000 of its unrestricted net position for the year ended June 30, 2017.

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

Cash in State Treasurer Short Term Investment Fund (STIF)

Pursuant to North Carolina General Statute 147-69.3(b), the Board voluntarily deposits to the North Carolina Short Term Investment Fund (STIF). Disbursements 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 Comprehensive Annual 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, and clicking on "Financial Reports", or calling the State Controller's Financial Reporting Section at (919) 707-0500.

At June 30, 2017, the Board's deposits with the State Treasurer STIF account had a carrying value and fair market value of \$322,338 (including undeposited receipts), and a bank balance of \$325,048 (including \$65,550 in uncertified deposits).

NORTH CAROLINA BOARD OF LANDSCAPE ARCHITECTS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Note 3 - Capital Assets

Changes in capital assets as of and for the year ended June 30, 2017 is as follows:

	Cost 06-30-16	Acquisitions	Disposals	Cost 06-30-17	Accumulated Depreciation	Net Amount
Furniture/Equipment	\$ 5,984	\$ -	\$ -	\$ 5,984	\$ 5,769	\$ 215
	<u>\$ 5,984</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,984</u>	<u>\$ 5,769</u>	<u>\$ 215</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. There was no depreciation expense for the fiscal year ended June 30, 2017.

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, 2017</u>
Due to Vendors	\$ 13,301
Total Accounts Payable	<u>\$ 13,301</u>

Note 5 - Contractual Management Services

The Board does not have any employees. The Board contracts with a management consultant service to provide services for the Board. The contract includes all services related to the process of licensure application and renewal and various other secretarial duties. The Board also reimburses the management service for printing, postage, copying and miscellaneous office expenses. Payments to the management service totaled \$63,258 during the fiscal year ended June 30, 2017.

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 potential 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 were filed during the last three fiscal years.

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 period under audit do not materially affect the Board's operations, changes in financial position, or cash flows for the years herein ended.

NORTH CAROLINA BOARD OF LANDSCAPE ARCHITECTS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Note 8 - Subsequent Events

Subsequent events have been evaluated through November 6, 2018, 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 financial statements would be required

Note 9 - North Carolina Legislative Statutory Disclosure Requirement Concerning Audit Fees

This audit required 110 audit hours at a cost of \$9,995.