

**NORTH CAROLINA BOARD OF LANDSCAPE ARCHITECTS**

**Financial Statements for the  
Year Ended June 30, 2016 and  
Independent Auditor's Report**

# **NORTH CAROLINA BOARD OF LANDSCAPE ARCHITECTS**

## **Financial Statements for the Year Ended June 30, 2016 and Independent Auditor's Report**

### **BOARD MEMBERS (2016)**

Margaret A. Nealon, Chairman

Mark A. Wilson, Vice Chairman

Ronald Aycock, Treasurer

Christine Lockwood Hilt

John A. Ross

Charles Roy Smith, Jr.

Stanley N. Williams

### **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**

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, 2016. Please read this in conjunction with the financial statements which follow this section.

### **Financial Highlights**

During the fiscal year ended June 30, 2016, the Board's net position increased by \$13,930, or 7.3%, due primarily to operating revenues exceeding operating expenses.

During the fiscal year ended June 30, 2016, the operating revenues of the Board approximate 197.6% of the revenues for the preceding six month reporting period, and accordingly, are construed to be comparable.

During the fiscal year ended June 30, 2016, the non-operating revenues of the Board approximate 308.2% of the non-operating revenues for the preceding six month reporting period, and accordingly, are construed to represent an approximate 54.1% increase, due to an increase in cash on hand, and due to an increase in interest earnings rates.

During the fiscal year ended June 30, 2016, the operating expenses of the Board approximate 206.3% of the expenses for the preceding six month reporting period, and accordingly, are construed to be comparable.

### **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 GASB 34. The Financial Statements also include notes to the financial statements that provide detail of the information included in the financial statements.

### **Basic 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 End as of and for the year ended June 30, 2016	Current Year End as of and for the six month period ended June 30, 2015
Current assets	\$ 303,333	\$ 283,670
Capital assets	215	215
Total assets	<u>\$ 303,548</u>	<u>\$ 283,885</u>
Current liabilities	\$ 98,723	\$ 92,990
Total liabilities	<u>\$ 98,723</u>	<u>\$ 92,990</u>
Investment in capital assets	\$ 215	\$ 215
Unrestricted	204,610	190,680
Total net position	<u>\$ 204,825</u>	<u>\$ 190,895</u>
Operating revenues	\$ 135,260	\$ 68,455
Operating expenses	(123,170)	(59,707)
Operating income	12,090	8,748
Non-operating revenues	1,840	597
Change in net position	<u>\$ 13,930</u>	<u>\$ 9,345</u>

### Events Affecting Future Operations

The Board has no significant events affecting future operations which are reportable pursuant to GASB 34.

### 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.

***Shelton L. Hawley, CPA, PA***  
**Certified Public Accountants**

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P.O. 1545  
Angier, North Carolina 27501-1545

Telephone: (919) 639-4825  
Facsimile: (919) 639-3102

**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 agency 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, 2016, 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 auditors consider 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, 2016, 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

October 31, 2016

**NORTH CAROLINA BOARD OF LANDSCAPE ARCHITECTS  
STATEMENT OF NET POSITION  
YEAR ENDED JUNE 30, 2016**

	<b>June 30, 2016</b>
	<b>Proprietary- Enterprise Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash in State Treasurer (STIF)(Note 2)	\$ 301,593
Due from management service	737
Prepaid expenses	<u>1,003</u>
Total current assets	303,333
Capital assets (Note 1):	
Furniture and office equipment	<u>215</u>
Total capital assets- net of depreciation	<u>215</u>
<b>TOTAL ASSETS</b>	<b>\$ <u><u>303,548</u></u></b>
<b>LIABILITIES AND NET POSITION</b>	
Current liabilities:	
Accounts payable	\$ 9,123
Unearned revenue (Note 3)	<u>89,600</u>
Total current liabilities	98,723
<b>TOTAL LIABILITIES</b>	<b><u><u>98,723</u></u></b>
NET POSITION (NOTE 4)	
Investment in capital assets	215
Unrestricted net position	<u>204,610</u>
<b>TOTAL NET POSITION</b>	<b><u><u>204,825</u></u></b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ <u><u>303,548</u></u></b>

See notes to financial statements.



**NORTH CAROLINA BOARD OF LANDSCAPE ARCHITECTS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2016**

	<u>2016</u>
	<u>Proprietary- Enterprise Fund</u>
OPERATING REVENUES:	
License fees (registration, certificate and renewal)	\$ 123,925
Application fees	7,800
Late renewal fees	3,400
Miscellaneous operating income	<u>135</u>
Total operating revenues	\$ 135,260
OPERATING EXPENSES:	
Contractual management services (Note 5)	\$ 57,000
Board members expenses (including annual meeting expenses)	17,036
Committee members expenses	4,810
Telephone	1,330
Staff expenses - contractual management service	813
Office supplies and expenses	602
Insurance	1,456
Postage	997
Printing and copying	328
Dues and subscriptions	5,946
Legal, accounting and audit fees	23,128
Website management expenses	6,000
Credit card processing fees	3,124
Miscellaneous expenses	<u>600</u>
Total operating expenses	<u>\$ 123,170</u>
Operating income (loss)	\$ 12,090

See notes to financial statements.

**NORTH CAROLINA BOARD OF LANDSCAPE ARCHITECTS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2016**

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	<u>2016</u>
	<u>Proprietary- Enterprise Fund</u>
NON-OPERATING REVENUES (EXPENSES):	
Interest income	\$ 1,840
Total non-operating revenues	\$ 1,840
Change in net position	\$ 13,930
Net position - beginning of year	<u>190,895</u>
Net position - end of year	<u><u>\$ 204,825</u></u>

See notes to financial statements.

**NORTH CAROLINA BOARD OF LANDSCAPE ARCHITECTS**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2016**

	<u>2016</u>
	<b>Proprietary- Enterprise Fund</b>
Cash flows from operating activities:	
Cash received from fees	\$ 135,025
Cash received from other operating revenues	135
Cash payments for operating expenses	(112,810)
Net cash provided by operating activities	<u>\$ 22,350</u>
Cash flows from investing activities:	
Interest on investments	<u>\$ 1,840</u>
Net cash provided by investing activities	<u>\$ 1,840</u>
Net increase in cash	<u>\$ 24,190</u>
Cash - beginning of year	<u>277,403</u>
Cash - end of year	<u><u>\$ 301,593</u></u>

See notes to financial statements.

**NORTH CAROLINA BOARD OF LANDSCAPE ARCHITECTS**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2016**

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	<u>2016</u>
	<b>Proprietary- Enterprise Fund</b>
Reconciliation of operating income	
to net cash provided by operating activities:	
Operating income (loss)	<u>\$ 12,090</u>
Adjustments to reconcile operating income	
to net cash provided by operating activities:	
Changes in assets and liabilities:	
Prepaid expenses	\$ 4,527
Accounts payable	5,833
Unearned revenue	<u>(100)</u>
Total adjustments	\$ 10,260
Net cash provided by operating activities	<u><u>\$ 22,350</u></u>

See notes to financial statements.

**NORTH CAROLINA BOARD OF LANDSCAPE ARCHITECTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

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Note 1 - Nature of Activities and Significant Accounting Policies

**Description of Organization**

The North Carolina Board of Landscape Architects (the "Board") is an independent State agency. 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.

**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.

**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.

**NORTH CAROLINA BOARD OF LANDSCAPE ARCHITECTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

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

**Basis of Accounting**

In accordance with *Statement of Governmental Accounting Standards 34*, the Board herewith presents a Statement of Net Position; a Statement of Revenues, Expenses, and Changes in Net Position; and a Statement of Cash Flows. These statements reflect entity-wide operations of the Board. The Board has no fiduciary funds or component units.

The Statement of Revenues, Expenses, and Changes in Net Position demonstrates the degree to which the direct expenses of the Board are offset by license fees.

The financial statements report all activities of the North Carolina Board of Landscape Architects using the economic resource measurement focus and the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recognized when incurred, if measurable, regardless of the timing of cash flows.

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. 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.

**Fair Value of Financial Instruments**

The carrying amounts of the Board's financial instruments approximate their fair value.

**Prepaid Expenses**

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

**Income Taxes**

The Board is a nonmajor enterprise fund of the primary government of the State of North Carolina and is exempt from federal and state income taxes.

**NORTH CAROLINA BOARD OF LANDSCAPE ARCHITECTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

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

**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. Summaries follow:

	Cost 06-30-15	Acquisitions	Disposals	Cost 06-30-16	Accumulated Depreciation	Net Amount
Furniture/Equipment	\$ 5,984	\$ -	\$ -	\$ 5,984	\$ 5,769	\$ 215
	\$ 5,984	\$ -	\$ -	\$ 5,984	\$ 5,769	\$ 215

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, 2016.

**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](http://www.ncosc.net), and clicking on "Financial Reports", or calling the State Controller's Financial Reporting Section at (919) 707-0500.

At June 30, 2016, the Board's deposits with the State Treasurer STIF account had a carrying value and fair market value of \$301,593 (including undeposited receipts), and a bank balance of \$292,714 (including \$12,550 in uncertified deposits).

**NORTH CAROLINA BOARD OF LANDSCAPE ARCHITECTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

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Note 3 - 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.

Note 4 - 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 - expendable - 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, 2016.

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 \$59,911 during the fiscal year ended June 30, 2016.

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.

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, 2016**

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Note 8 - Subsequent Events

Subsequent events have been evaluated through October 31, 2016, 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 48 audit hours at a cost of \$5,095.