

NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD

**Financial Statements and
Supplemental Schedules for the
Years Ended June 30, 2018 and 2017 and
Independent Auditor's Report**

NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD

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Supplemental Schedules for the
Years Ended June 30, 2018 and 2017 and
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BOARD MEMBERS (2017-2018)

Chris Rodriguez, LMFT, Chairperson

Tamara Jo Whitten, LMFT, Vice-Chairperson

Sherman Childers

Connie Harris

Sandra Vander Linde, LMFT

Kelly McKinnon

Heather Stehberger, LMFT

EXECUTIVE OFFICER

Wanda Nicholson, Executive Director

LEGAL COUNSEL

North Carolina Department of Justice

NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD

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NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD

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 years ended June 30, 2018 and 2017. Please read it in conjunction with the financial statements which follow this section.

Financial Highlights

During 2018, the Board's net position decreased by \$13,872, or 11.83%, due primarily to an increase in expenses. During 2017, the Board's net position increased by \$13,599, or 13.12%, due primarily to a consistent recurrence of revenues exceeding expenses in prior years.

During 2018, the operating revenues of the Board increased by \$10,350, or 8.29%, due primarily to an increase in renewal and license fees. During 2017, the operating revenues of the Board decreased by \$4,251, or 3.29%, due primarily to a decrease in application and exam fees.

During 2018, the non-operating revenues of the Board increased by \$3, or 2.05%, due to a slight increase in interest earnings rates. During 2017, the non-operating revenues of the Board increased by \$17, or 13.18%, due to an increase in cash on hand.

During 2018, the operating expenses of the Board increased by \$37,824, or 33.94%, due primarily to an increase in board members expenses, contract services, and legal fees. During 2017, the operating expenses of the Board decreased by \$4,876, or 4.19%, due primarily to a decrease 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 Statements of Net Position present the current and long-term portions of assets and liabilities separately.

The Statements of Revenues, Expenses, and Changes in Net Position present information on how the Board's assets changed as a result of its operations.

The Statements of Cash Flows present information on how the Board's cash changed as a result of its financial activities.

NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD

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, 2018	Current Year as of and for the year ended June 30, 2017
Current assets	\$ 201,056	\$ 209,025
Capital assets	2,453	946
Other assets		750
Total assets	<u>\$ 203,509</u>	<u>\$ 210,721</u>
Current liabilities	\$ 100,105	\$ 93,445
Total liabilities	<u>\$ 100,105</u>	<u>\$ 93,445</u>
Investment in capital assets	\$ 2,453	\$ 946
Unrestricted	100,951	116,330
Total net position	<u>\$ 103,404</u>	<u>\$ 117,276</u>
Operating revenues	\$ 135,250	\$ 124,900
Operating expenses	(149,271)	(111,447)
Operating income	(14,021)	13,453
Non-operating revenues	149	146
Change in net position	<u>\$ (13,872)</u>	<u>\$ 13,599</u>

NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis

Net position is an indicator of the fiscal health of the Board. Assets exceeded liabilities by \$103,404 for the year ended June 30 2018. The largest component of net position was cash and cash equivalents. Cash and investments represented 100.0% of total net position. The following is a summary of the Statements of Net Position.

	Current Year as of June 30, 2018	Year as of June 30 2017	Amount of Change	Percentage Change
Current assets	\$ 201,056	\$ 209,025	\$ (7,969)	-3.81%
Capital assets	2,453	946	1,507	159.30%
Other assets		750	(750)	-100.00%
Total assets	<u>\$ 203,509</u>	<u>\$ 210,721</u>	<u>\$ (7,212)</u>	<u>-3.42%</u>
Current liabilities	\$ 100,105	\$ 93,445	\$ 6,660	7.13%
Total liabilities	<u>\$ 100,105</u>	<u>\$ 93,445</u>	<u>\$ 6,660</u>	<u>7.13%</u>
Invested in capital assets	\$ 2,453	\$ 946	\$ 1,507	159.30%
Unrestricted	100,951	116,330	(15,379)	-13.22%
Total net position	<u>\$ 103,404</u>	<u>\$ 117,276</u>	<u>\$ (13,872)</u>	<u>-11.83%</u>

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

	The year ended June 30, 2018	The year ended June 30, 2017	Amount of Change	Percentage Change
Operating revenues	\$ 135,250	\$ 124,900	\$ 10,350	8.29%
Operating expenses	(149,271)	(111,447)	(37,824)	33.94%
Non-operating revenues	149	146	3	2.05%
Change in net position	<u>\$ (13,872)</u>	<u>\$ 13,599</u>	<u>\$ (27,471)</u>	<u>-202.01%</u>
Ending net position	<u>103,404</u>	<u>\$ 117,276</u>	<u>\$ (13,872)</u>	<u>-11.83%</u>

NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a breakdown of operating revenues by source.

	The year ended June 30, 2018	The year ended June 30, 2017	Amount of Change	Percentage Change
Application and exam fees	\$ 31,750	\$ 32,050	\$ (300)	-0.94%
Renewals and license fees	100,375	91,050	9,325	10.24%
Miscellaneous operating income	3,125	1,800	1,325	73.61%
Total	<u>\$ 135,250</u>	<u>\$ 124,900</u>	<u>\$ 10,350</u>	<u>8.29%</u>

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

	The year ended June 30, 2018	The year ended June 30, 2017	Amount of Change	Percentage Change
Interest income	\$ 149	\$ 146	\$ 3	2.05%
Total	<u>\$ 149</u>	<u>\$ 146</u>	<u>\$ 3</u>	<u>2.05%</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 Marriage and Family Therapy Licensure Board, 201 Shannon Oaks Circle, Suite 200, Cary, NC 27511.

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INDEPENDENT AUDITOR'S REPORT

Members of the Board
North Carolina Marriage and Family Therapy Licensure Board
Cary, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the North Carolina Marriage and Family Therapy Licensure Board (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 years ended June 30, 2018 and 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 the 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 our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Marriage and Family Therapy Licensure Board as of June 30, 2018 and 2017, and the results of its operations, changes in financial position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (CONCLUDED)

Management's Discussion and Analysis - 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 audits 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.

Other Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Receipts and Disbursements - Modified Cash Basis are presented for purposes of additional analysis and are not a required part of the financial statements. We have applied certain limited procedures to the 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 audits 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 NC

October 16, 2018

NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD
STATEMENTS OF NET POSITION
JUNE 30, 2018 AND 2017

	June 30, 2018	June 30, 2017
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 200,556	\$ 203,525
Prepaid expenses (Note 1)	500	5,500
Total current assets	201,056	209,025
Capital assets (Notes 1 and 3):		
Furniture and office equipment	2,453	946
Total capital assets - net of depreciation	2,453	946
Other assets:		
Security deposit (on rental of office space)		750
Total other assets	0	750
TOTAL ASSETS	\$ 203,509	\$ 210,721
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable (Note 4)	\$ 6,855	\$ 1,100
Due to other state agencies (Note 4)		1,195
Unearned revenue (Note 1)	93,250	91,150
Total current liabilities	100,105	93,445
TOTAL LIABILITIES	100,105	93,445
NET POSITION (NOTE 1)		
Investment in capital assets	2,453	946
Unrestricted net position	100,951	116,330
TOTAL NET POSITION	103,404	117,276
TOTAL LIABILITIES AND NET POSITION	\$ 203,509	\$ 210,721

See notes to financial statements.

NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
OPERATING REVENUES:		
Fees, licenses and fines:		
Application and exam fees	\$ 31,750	\$ 32,050
Renewals and license fees	100,375	91,050
Miscellaneous operating income	3,125	1,800
Total operating revenues	\$ 135,250	\$ 124,900
OPERATING EXPENSES:		
Personal services (and board members expenses):		
Board members expenses (including special meeting expenses)	\$ 20,989	\$ 11,283
Supplies and materials:		
Office supplies and expenses	4,797	2,794
Services:		
Contractual management services (Note 5)	66,000	57,000
Legal fees	13,455	8,906
Audit and accounting fees	7,495	6,795
Internet costs	1,458	1,403
Website expenses	2,585	3,369
Travel - contractual management service	214	1,755
Printing and copying	3,521	720
Postage	1,609	1,499
Telephone	1,528	569
Bank charges	232	298
Deposit processing fees	2,392	881
Contracted services (administrative)	7,631	513
Contracted services (investigative)	4,844	956
Maintenance and repairs - office equipment	488	
Depreciation	585	724

See notes to financial statements.

**NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
	<u> </u>	<u> </u>
OPERATING EXPENSES (CONTINUED):		
Other expenses:		
Office rent (Note 6)	7,580	9,100
Storage space rental	1,368	2,200
Dues	500	682
Total operating expenses	<u>\$ 149,271</u>	<u>\$ 111,447</u>
Operating income (loss)	(14,021)	13,453
NON-OPERATING REVENUES (EXPENSES):		
Interest income	<u>\$ 149</u>	<u>\$ 146</u>
Total non-operating revenues	\$ 149	\$ 146
Change in net position	<u>\$ (13,872)</u>	<u>\$ 13,599</u>
Net position - beginning of year	<u>117,276</u>	<u>103,677</u>
Net position - end of year	<u>\$ 103,404</u>	<u>\$ 117,276</u>

See notes to financial statements.

NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
	<u>Proprietary- Enterprise Fund</u>	<u>Proprietary- Enterprise Fund</u>
Cash flows from operating activities:		
Cash received from fees and other operating income	\$ 137,350	\$ 135,650
Cash payments for operating expenses	(138,376)	(122,180)
Net cash provided (used) by operating activities	<u>\$ (1,026)</u>	<u>\$ 13,470</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	\$ (2,092)	\$
Net cash provided by investing activities	<u>\$ (2,092)</u>	<u>\$ 0</u>
Cash flows from investing activities:		
Interest earned	\$ 149	\$ 146
Net cash provided by investing activities	<u>\$ 149</u>	<u>\$ 146</u>
Net increase (decrease) in cash	<u>(2,969)</u>	<u>13,616</u>
Cash - beginning of year	<u>203,525</u>	<u>189,909</u>
Cash - end of year	<u><u>\$ 200,556</u></u>	<u><u>\$ 203,525</u></u>
Reconciliation of operating income		
to net cash provided by operating activities:		
Operating income (loss)	<u>\$ (14,021)</u>	<u>\$ 13,453</u>
Adjustments to reconcile operating income (loss)		
to net cash provided (used) by operating activities:		
Depreciation	\$ 585	\$ 724
Changes in assets and liabilities:		
Prepaid expense	5,000	(250)
Security deposit	750	
Accounts payable	4,560	(11,207)
Unearned revenue	2,100	10,750
Total adjustments	<u>\$ 12,995</u>	<u>\$ 17</u>
Net cash provided by operating activities	<u><u>\$ (1,026)</u></u>	<u><u>\$ 13,470</u></u>

See notes to financial statements.

**NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017**

Note 1 - Nature of Activities and Significant Accounting Policies

Description of Organization and Purpose

The North Carolina Marriage and Family Therapy Licensure Board (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 Comprehensive Annual Financial Report (CAFR).

The Board is established to maintain minimum standards for services provided by marriage and family therapists.

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 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 MARRIAGE AND FAMILY THERAPY LICENSURE BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 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 and Cash Equivalents

This classification includes undeposited receipts, petty cash, checking accounts and certain time deposits held by the Board. Certain certificates of deposits (if any) are considered investments for Statements of Net Position presentation.

Prepaid Expenses

This classification includes prepaid management fees and prepaid dues 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 \$250 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 deferred and recognized as revenue over the one year period to which they relate.

**NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 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 has 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*.

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

Deposits

All of the Board's deposits which are uninsured, if any, are uncollateralized [unless collateralized pursuant to 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, the Board will not be able to recover 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 June 30, 2018, the Board's deposits had a carrying amount (including undeposited receipts) of \$200,556 and a bank balance of \$196,032, which was covered by federal depository insurance. At June 30, 2017, the Board's deposits had a carrying amount (including undeposited receipts) of \$203,525 and a bank balance of \$183,350, which was covered by federal depository insurance.

**NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017**

Note 3 - Capital Assets

	Cost 06-30-17	Acquisitions	Disposals	Cost 06-30-18	Accumulated Depreciation	Net Amount
Furniture/Equipment	\$ 7,719	\$ 2,092	\$ -	\$ 9,811	\$ 7,358	\$ 2,453
	<u>\$ 7,719</u>	<u>\$ 2,092</u>	<u>\$ 0</u>	<u>\$ 9,811</u>	<u>\$ 7,358</u>	<u>\$ 2,453</u>

	Cost 06-30-16	Acquisitions	Disposals	Cost 06-30-17	Accumulated Depreciation	Net Amount
Furniture/Equipment	\$ 7,719	\$ -	\$ -	\$ 7,719	\$ 6,773	\$ 946
	<u>\$ 7,719</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,719</u>	<u>\$ 6,773</u>	<u>\$ 946</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. Depreciation expense was \$585 for the fiscal year ended June 30, 2018 and \$724 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.

	June 30, 2018	June 30, 2017
Due to Vendors	\$ 6,855	\$ 1,100
Due to Other State Agencies		1,195
Total Accounts Payable	<u>\$ 6,855</u>	<u>\$ 2,295</u>

Note 5 - Contractual Management Services

The Board treats its administrative officer as an independent contractor. The Board contracted with this management service individual to provide services for the Board. The contract for management services includes all services related to the process of licensure application and renewal, and various other secretarial duties. The Board also reimburses the management service occasionally for printing, copying, postage, miscellaneous office supplies and other expenses. Payments to the management service totaled \$70,318 during the fiscal year ended June 30, 2018. Payments to the management service totaled \$58,755 during the fiscal year ended June 30, 2017.

Note 6 - Operating Lease

The Board leased office space which monthly rental charge included utilities and supplemental charges. Total rent expense charged to operations under the lease agreement was \$7,580 for the year ended June 30, 2018 and \$9,100 for the fiscal year ended June 30, 2017.

The board terminated this lease during the year ended June 30, 2018, and there are no rental commitments under noncancellable operating leases at June 30, 2018.

NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

Note 7 - 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. The Board has purchased no 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 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 years under audit do not materially affect the Board's operations, changes in financial position, or cash flows for the years herein ended.

Note 9 - Subsequent Events

Subsequent events have been evaluated through October 16, 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 the financial statements would be required.

Note 10 - North Carolina Legislative Statutory Disclosure Requirement Concerning Audit Fees

This audit required 55 audit hours at a cost of \$5,395.

**NORTH CAROLINA MARRIAGE AND FAMILY THERAPY LICENSURE BOARD
SCHEDULES OF RECEIPTS AND DISBURSEMENTS - MODIFIED CASH BASIS
YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
	<u>Proprietary- Enterprise Fund</u>	<u>Proprietary- Enterprise Fund</u>
RECEIPTS:		
Application and exam fees	\$ 31,750	\$ 32,050
Renewals and license fees (including late fees)	102,475	101,800
Miscellaneous operating income	3,125	1,800
Interest income	<u>149</u>	<u>146</u>
Total receipts	137,499	\$ 135,796
DISBURSEMENTS:		
Contractual management services	\$ 55,000	\$ 58,500
Staff travel	214	1,755
Contracted temporary services (administrative)	6,885	1,095
Contracted temporary services (investigative)	5,800	512
Building rent (Note 6) (including certain supplemental charges)	6,830	8,350
Storage space rental	1,368	2,200
Board members expenses (including special meeting expenses)	20,584	14,145
Telephone	1,528	569
Internet	1,458	1,407
Office supplies and expenses	4,797	2,794
Repairs and maintenance- office equipment	488	
Acquisition of capital assets	2,092	
Printing and copying	3,521	720
Postage	1,609	1,499
Dues	1,000	182
Legal fees	14,650	15,350
Audit and accounting fees	7,495	6,795
Deposit processing fees	2,392	881
Bank charges	232	298
Website expenses	<u>2,525</u>	<u>5,128</u>
Total disbursements	\$ <u>140,468</u>	\$ <u>122,180</u>
Receipts over (under) disbursements	(2,969)	13,616
Change in cash	\$ <u>(2,969)</u>	\$ <u>13,616</u>
Cash and cash equivalents - beginning of year	<u>203,525</u>	<u>189,909</u>
Cash and cash equivalents - end of year	\$ <u><u>200,556</u></u>	\$ <u><u>203,525</u></u>

See auditor's report on supplementary information.