

**PUBLIC SESSION MINUTES**  
**North Carolina State Board of CPA Examiners**  
**August 25, 2014**  
**1101 Oberlin Road**  
**Raleigh, NC 27605**

---

**MEMBERS ATTENDING:** Miley W. Glover, CPA, President; Michael H. Womble, CPA, Vice President; Wm. Hunter Cook, CPA, Secretary-Treasurer, Tawannah G. Allen, Ed.D; Murchison Biggs, CPA; George W. Rohe, CPA; and Jeffrey J. Truitt, Esq.

**STAFF ATTENDING:** Robert N. Brooks, Executive Director; David R. Nance, CPA, Deputy Director; Frank Trainor, Esq., Staff Attorney; Lisa R. Hearne, Manager-Communications; Ann J. Hinkle, Manager-Professional Standards; Mary Beth Britt, Specialist-Professional Standards; Buck Winslow, Manager-Licensing; and Noel L. Allen, Legal Counsel.

**GUESTS:** James T. Ahler, CEO, NCACPA; Sharon Bryson, COO, NCACPA; Henry Paula, CPA, NCACPA; Suzanne Jolicoeur, Senior Manager, State Regulation & Legislation, AICPA and Matthew Fearnow, Junior in Accounting at NCSU, Board Intern.

**CALL TO ORDER:** President Glover called the meeting to order at 10:02 a.m.

**MINUTES:** The minutes of the July 21, 2014, meeting were approved as submitted.

**FINANCIAL AND BUDGETARY ITEMS:** The July 2014 financial statements were accepted as submitted.

The draft audit report for the Board for the year ending March 31, 2014, was presented by Mr. Cook, Chair of the Audit Committee. Mr. Cook noted some minor wording changes to be made. Messrs. Cook and Rohe moved to accept and approve the audit report (Appendix I) for the year ending March 31, 2014, with the changes. Motion passed with seven (7) affirmative and zero (0) negative votes.

Messrs. Truitt and Womble moved to approve a new corporate account with the First Capital Bank for the Board for a certificate of deposit. Motion passed.

**LEGISLATIVE AND RULE-MAKING ITEMS:** Mr. Brooks reported that the Rules Review Commission approved the periodic review of the Board's rules at its August 21, 2014, meeting, and the rules have been sent to the Administrative Procedures Oversight Committee of the General Assembly for review.

**STATE AND LOCAL ORGANIZATION ITEMS:** The Board reviewed the *Occupational Licensing Boards and Commissions Financial-Related Audit* issued by August 21, 2014, by the Office of the State Auditor.

**REPORT OF THE PROFESSIONAL STANDARDS COMMITTEE:** Mr. Cook moved and the Board approved the following recommendations of the Committee:

Case No. C2012216 - BDO USA, LLP - Approved the signed Consent Order (Appendix II). Mr. Glover did not participate in the discussion of this matter nor did he vote on this matter.

Case No. C2014079 - Billy C. Gore, CPA - Approve the signed Consent Order (Appendix III).

Case No. C2014080 - Laura B. Carver, CPA - Approve the signed Consent Order (Appendix IV).

Case No. C2014109 - Julia Tauras, CPA - Approve the signed Consent Order (Appendix V).

Case No. C2014189 - Ernest Davis - Approve the signed Notice of Apparent Violation and Demand to Cease and Desist (Appendix VI).

Case No. C2014191 - Sandra Frempong - Approve the signed Notice of Apparent Violation and Demand to Cease and Desist (Appendix VII).

Case No. C2014202 - Peter Gimbal - Approve the signed Notice of Apparent Violation and Demand to Cease and Desist (Appendix VIII).

Case No. UT2014227 - Vicky Bellafato - Approve the signed Notice of Apparent Violation and Demand to Cease and Desist (Appendix IX).

The Board approved the Orders (Appendix X) as consented to by the following individuals:

Case No. C2014172 - Allee D. Humphrey

Case No. C2014173 - Yan Ling

Case No. C2014174 - Diane K. Murdock

**REPORT OF THE PROFESSIONAL EDUCATION AND APPLICATIONS COMMITTEE:** Dr. Allen moved and the Board approved the following recommendations of the Committee:

**Transfer of Grades Applications** - The Committee recommended that the Board approve the following:

Kellie Ann Marie Coberth  
Spenser Patrick Davis

Nicole Rae Ellis  
Brian Bradley Gallagher

Donald Nicholas Grimes II  
Thomas Edward Tison  
Bruce Reynolds Volk III

Hannah Leeann Wood  
Mengying Zhang

**Original Certificate Applications** - The Committee recommended that the Board approve the following:

Danielle Perry Abernathy  
Jennifer Staton Andrews  
Kevin Cameron Archer  
Danielle Nicole Atkinson  
Lori Ann Aveni  
Valerie Gibson Barney  
Keith Edward Beam  
Laina Dawn Biglow  
Austin John Bramble  
David Alan Campbell  
Azile Kate Honeycutt Clark  
Kellie Ann Marie Coberth  
Sarah Rebecca Collins  
Erica Lynn Curran  
Spenser Patrick Davis  
Amanda Leigh Dehler  
Clifton Seth Dunlap  
Amber Joy Dunn  
Michael Lee Dunn  
Samantha Marie Dunn  
Agatha May Buell Eggers  
Nicole Rae Ellis  
Justin William Foley  
Adam Daniel Forsberg  
Russell David Frey  
Natalie Michelle Friedman  
Brian Bradley Gallagher  
Henry Arthur Goodson, II  
Donald Nicholas Grimes, II  
David Alex Harris  
Mara Lucille Henderson  
Sarah Roberts Henderson  
Nicholas Joseph Heyland  
Teresa Ethridge Hinson  
Sarah Elizabeth Hopkins  
Brianne Renee Hughes

Meagan Elisabeth Ignatowicz  
Deborah Sheets Jackson  
Stephanie Lee Jarvis  
Steven Edward Joseph  
Keith Samuel Kahn  
Sharon Barnes Kerley  
Zeeshan Khurshid Khan  
Adam Kendall King  
Lauren Marie Lewis  
He Li  
Alen Makitan  
Alexander Joseph Mansmann  
Ryan Jeffrey McCarthy  
Kellan Joseph McCauley  
David William McCollum  
Sean William McGrath  
Mackenzie Alexandra Meier  
Brooke Shenell Miles  
Hunter Thomas Moore  
Ryan Paul Moore  
Jack Patrick Murphy  
Kelsey Nicole Noonan  
Terence Joseph O'Brien, Jr.  
Jason Alexander Oliver  
Mital Yogesh Patel  
Charles Robert Phelps  
Meredith Mabe Principe  
James Robinson Jr.  
Cynthia Ann Roeder  
Ryan Andrew Rogers  
Amy Jessica Romero  
Danielle Christine Salek  
Sarah Sumner Sanford  
Chad Michael Sherin  
Aaron Christopher Smith  
Jason Michael Steg

Diana Stefanova Stoyneva  
Josh Barth Strehle  
Nathan Jamaar Tate  
Allison Marie Taylor  
Thomas Edward Tison  
Nicki Shea Vaughn  
Bruce Reynolds Volk, III  
William Blake Wager

Jelissa Shania Ward  
Jaamal Raishawn Whittington  
Hannah Leeann Wood  
Elizabeth Scott Workman  
Mina Yu  
Mengying Zhang  
Jessica Nicole Zirnheld

Staff reviewed and recommended approval of the original application submitted by Christian Hernandez. Mr. Hernandez failed to disclose pertinent information with his Exam application but provided it with his certificate application. Staff recommended approval of the application with a one-year probationary period. The Committee recommended that the Board approve staff recommendation.

Staff reviewed and recommended approval of the original application submitted by Arthur Crosswell McCall, II. Mr. McCall failed to disclose pertinent information with his Exam application but provided it with his certificate application. Staff recommended approval of the application with a one-year probationary period. The Committee recommended that the Board approve staff recommendation.

Staff reviewed and recommended approval of the original application submitted by Jennilee Megan Richardson. Ms. Ricahrdsn failed to disclose pertinent information with her Exam application but provided it with her certificate application. Staff recommended approval of the application with a one-year probationary period. The Committee recommended that the Board approve staff recommendation.

**Reciprocal Certificate Applications** - The Committee recommended that the Board approve the following:

Teresa Karen McAllister

**Temporary Permits** - The Committee recommended that the Board approve the following temporary permits that were approved by the Executive Director:

Morgan Claire Bauserman, T7993  
Ryan Patrick Crowe, T7994  
Dustin Andrew Houdyshell, T7995  
James Peter Tokryman, T7996  
William Pershing Geiger, T7997  
Indira Sivadasan, T7998  
Anthony Francis Welsch, T7999  
Pierce Henry Rukrigl, T8000

Michael Dwayne May, T8001  
Jeffrey Robert Johnson, T8002  
Astra Danielle Cope, T8003  
Antonia Marie Berbrick, T8004  
Laurie Ellen Summerland, T8045  
Hilary Elizabeth Davenport, T8046  
Katherine Mary Frankel, T8047  
Jonathan James Stine, T8048

David Joseph Anderson, T8049  
Jennifer J. Dusic, T8050  
Edwin London Henry, T8051  
John Woodson Stringer, T8052  
Margot Gabrielle Schneider, T8053  
John James Little T8054  
Therese Reynolds Burkhart T8055  
Sharon Ann Bernacki, T8056  
Michelle Rene Robe, T8057  
Joy Ann Yeates, T8058  
Jeramee John Phillips, T8059

Joseph Bruce Baker Jr., T8060  
John Joseph Rooney, T8061  
Robert Culp Slough, T8062  
Adam Paul Castic, T8063  
Nancy Amanda Sayer, T8064  
Tamara Jo Hart, T8065  
Alpa Mukesh Patel, T8066  
Clay Patrick De Wan, T8067  
Katherine Marie Von Achen, T8068  
Henrietta Weaver, T8069

**Reinstatements** - The Committee recommended that the Board approve the following:

Elizabeth Prunka Breen, #32730  
Jessica Carvajal, #32083  
Laura Corder, #20707

Nathan Lee Fenwick, #23736  
Andrew Ray Holtgrewe, #28262  
Stephen Paul Jackson, Jr., #21853

**Reissuance of New Certificate** - The Committee recommended that the Board approve the application for reissuance of new certificate submitted by Andrew Richard Strang, #16332.

**Reissuance of New Certificate and Consent Agreement** - The Committee recommended that the Board approve the following application for reissuance of new certificate and consent agreement submitted by Karen Alisa Frazier, #27956.

**Firm Registrations** - The Committee recommended that the Board approve the following professional limited liability companies that were approved by the Executive Director:

Robert J. Dermody, Jr., CPA, PLLC  
Harold J. Manasa, CPA, PLLC

Donna S. Taylor, CPA, PLLC

**Examinations** -The Committee recommended that the Board approve the following staff-approved applicants to sit for the Uniform CPA Examination:

Jeremiah Akinsola  
Jimmie Anderson  
Garnett Antle-Kara  
Maria Arellano  
Beren Armstrong  
Graham Arrowood  
LaTisha Ashley  
Garland Avent  
Douglas Baker

Nicholas Baldelli  
Caroline Ballance  
Toni Barbee  
Jonathan Beal  
Georgia Bell  
Tawana Berrier  
Benjamin Blackmon  
Laurel Bostick  
Andrew Bowen

Marques Boyce  
John Brack  
Russell Bramlett  
Rebecca Brooks  
Joshua Brown  
Lucas Brown  
Morgan Brown  
Lynn Bruggeman  
Ashley Bryson  
Christopher Buchanan  
Joseph Buckland  
Aunray Bullock  
Christopher Burke  
Dara Burke  
Matthew Bustamante  
Mackenzie Carlton  
Kelley Carter  
Danielle Carty  
Vanessa Castillo Soza  
Ashley Cauley  
Brendan Cei  
Shiuh-Min Chiang  
An Thu Chu  
Tyler Cima  
Tracey Clements  
Ethan Cohen  
Britnee Coley  
Kenneth Cooper  
William Cooper  
John Copley  
Michael Corum  
Ryan Cote  
Mitchell Covert  
Koren Cranford  
William Cranford  
Raven Cross  
Victor D'Alesio  
Sarah Danford  
Lauren Daughtry  
Carolyn Davis  
Casey Davis  
Sonmi Davis  
Larisa Demling

Antwain Dickens  
Steven Dinkins  
Simona Dobson  
Matthew Doherty  
Amanda Doiron  
Dwayne Dowden  
Daniel Drouin  
Jonathan DuBose  
William Dula  
Kelsey Dunn  
Christopher Dusanenko  
Jordan Eatman  
Antoinyce Eaton  
Johna Edmonds  
Senol Evren  
Rida Fatima  
Alicia Finnie  
Gerald Floyd  
Lauren Frank  
Katherine Fraser  
Jonathan Frazier  
Carmen Galloni  
Michael Gannon  
Christopher Ganzon  
Ryan Garner  
John Garrett  
Tarynn Garrett  
Mikel Gasmovic  
Shannon Glatz  
Erin Godshall  
Laurelle Gonzalez  
Rebecca Grant  
Caleb Grim  
Aaron Guth  
Phillip Hale  
Rebecca Hall  
Lincoln Hampshire  
Geri Hare  
Ashley Hare Massey  
Benjamin Harrington-Smith  
Sarah Hauserman  
Timothy Hayes  
Karen Haynes

Sarah Hazelton  
Bartley Heath  
Matthew Hess  
Elizabeth Hester  
Tameka Holmes  
Chrissy Holt  
Susan Hood  
Nathaniel Hookman  
Gregory Howard  
Brendan Hoyer  
Wenxi Huang  
Joshua Hulin  
Jessica Hunt  
Patrick Illig  
Fatimatu Ingawa  
Malorie Irwin  
Lindsay Jenkins  
Tanya Jenkins  
Ankit Jivan  
Angela Johnson  
Ashley Jones  
Sterling Journigan  
Spencer Kendle  
Bradley Kenkel  
Shahid Khokhar  
Euna Kim  
Perry King  
Alexander Kneisel  
Jacquelyn Kremer  
Steven Kretschmer  
Stephen Krouse  
Janey Kuyath  
Charles Lake  
Joseph Lambert  
Omega Latta  
Ho Lau  
Tyler Leach  
Lorraine Lee  
Madeline Leetz  
Bridgette Lin  
Robin Link  
Nadine Lloyd  
Keith Lumbert

Phuong Luu  
Michael Madigan  
Anthony Mangano  
Zachary Marco  
Marguerite Marks  
Jeremy Martin  
James Mason  
Zachary Matthews  
Keturah Mayberry  
Christine Mays  
Inge McCrory  
Andrew McMillan  
Andrew McNeish  
Corey Meche  
Allison Metz  
Ashley Middleton  
Benjamin Miley  
Jennifer Miller  
Matthew Miller  
Michael Mills  
Joshua Minor  
Gary Moczulski  
Saxby Morehead  
Johnie Morgan  
Dalton Morris  
Andrew Mossman  
Melinda Murray  
Lindsay Nalley  
Ashley Nichols  
Sarah Nieto  
Joseph Oehmann  
Temple Ofikulu  
Miles Onafowora  
Jordan Orlandi  
Hilary Ott  
Kasidy Owens  
Anthony Pappalardo  
Carla Parker  
John Parker  
Letitia Parker  
Stephen Parker  
Meagan Parrott  
Karla Patel

Blake Patterson  
Mallery Patterson  
Emily Payne  
Chad Peters  
Justin Quinn  
Heather Rafalko  
James Reid  
Ann Reinking  
Leata Riggs  
Megan Ring  
Summer Rippy  
Jeremy Roberts  
Mary Roberts  
Patricia Roberts  
Sarah Rouse  
Morgan Rowland  
Isaac Rowles  
Stephanie Ruggieri  
Tracy Rumfelt  
Wilbourne Rusere  
Drew Saia  
Dwayne Seegars  
Hogan Sellers  
Elizabeth Senczy  
Payal Shah  
Leighann Shi  
Jake Sigler  
Jyoti Singh  
Misti Skinner  
Stephen Souder  
Alex Speight  
Garry Spence  
Robert Spencer, III  
Gregory Sprague  
Althea Sprosta

David Stagg  
Britt Stanford  
Alicia Starnes  
Samuel Stroup  
Courtney Struble  
Brian Stucky  
Andrew Sudran  
Jennifer Sullivan  
Mollie Swann-Deyoung  
Ray Tang  
John Tassitino  
Andrea Taylor  
Cody Taylor  
Cole Taylor  
Christopher Thompson  
Casper Timberlake  
Thomas Timoney  
Evan Tollison  
William True  
Taresa Turner  
Rebecca Urquhart  
Sahil Vahewala  
Runqing Wang  
Shuo Wang  
Ying Wang  
Cherise Washington  
Shauna Whitener  
Sean Willie  
Patty Wilson  
Bryan Wright  
Lei Xu  
Alec Yale  
Melissa Young  
Lisha Zhu  
Brian Zick

Staff presented three (3) hypothetical Exam applications to the Committee for its consideration. The first hypothetical Exam application concerned an applicant had been charged with DWI offenses three (3) years in a row. However, the last charge was four (4) years ago and the applicant had complied with all terms of probation and substance/dependency counseling. The Committee recommended approval of the application.

The second hypothetical Exam application concerned an applicant who believed that the class, "Internships in Accounting," should count toward the accounting concentration although it is specifically excluded from the accounting concentration in 21 NCAC 08A .0309(e). Without those three (3) semester hours, the applicant has 27 semester hours of accounting. The Committee recommended disapproval of the application.

The third hypothetical Exam application concerned a duplication of principles of accounting courses in undergraduate and graduate schools and the applicant's desire to count finance courses toward the concentration in accounting. Duplication of accounting courses in the accounting concentration is prohibited by 21 NCAC 08A .0309(d). Finance courses are specifically excluded from the accounting concentration in 21 NCAC 08A .0309(e). The Committee recommended disapproval of the application.

**EXECUTIVE STAFF AND LEGAL COUNSEL REPORT:** Mr. Trainor recognized Ann J. Hinkle, Manager of Professional Standards, on the announcement of her retirement effective January 1, 2015. At the time of her retirement, Ms. Hinkle will have served the Board for 25 years and nine (9) months.

Mr. Brooks introduced Matthew Fearnow, a junior in accounting at NCSU, to the Board. Mr. Fearnow is one of two interns who are working for the Board this semester.

**ADJOURNMENT:** Messrs. Womble and Cook moved to adjourn the meeting at 10:53 am. Motion passed.

Respectfully submitted:

Attested to by:



Robert N. Brooks  
Executive Director



Miley W. Glover, CPA  
President

NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS

FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2014 AND 2013



*Certified Public Accountants and Advisors Since 1947*  
Greensboro, NC | Raleigh, NC | Winston-Salem, NC

Member of a Global Association  
of Independent Accounting  
and Consultancy Firms



**NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS**  
**Board Members**

---

**BOARD MEMBERS**

Jose R. Rodriguez, CPA, President

Bucky Glover, CPA, Vice-President

Wm Hunter Cook, CPA, Secretary-Treasurer

Michael H. Womble, CPA

George W. Rohe, CPA

Jeffrey J. Truitt, Esquire

Tawannah G. Allen, Ed.D.

**ADMINISTRATIVE STAFF**

Robert N. Brooks, Executive Director

David R. Nance, CPA, Deputy Director

Frank X. Trainor, Esquire, Staff Attorney

**OUTSIDE LEGAL COUNSEL**

Allen, Pinnix & Nichols, P.A.

Noel L. Allen, Esquire

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS

Table of Contents

---

	<u>Page No.</u>
Management's Discussion and Analysis .....	1 - 5
Independent Auditor's Report .....	6 - 7
<i>Financial Statements</i>	
Statements of Net Position .....	8
Statements of Revenues, Expenses, and Changes in Net Position .....	9
Statements of Cash Flows .....	10
Notes to Financial Statements .....	11 - 18
<i>Supplementary Information</i>	
Schedules of Budget and Actual - Revenues, Expenses, and Changes in Net Position .....	19

**NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS**  
**Management's Discussion and Analysis**

---

**Introduction**

The following discussion and analysis provides an overview to assist the reader in interpreting and understanding the accompanying basic financial statements. This overview includes a comparative financial analysis with discussion of significant changes from the prior year, as well as a discussion of currently known facts, decisions, and conditions. This information is provided by the North Carolina State Board of Certified Public Accountant Examiners' (Board) management in conjunction with the issuance of the accompanying financial statements.

**Overview of the Basic Financial Statements**

The Statements of Net Position provide information relative to the Board's assets, liabilities, and the resulting net position as of the last day of the fiscal year. Assets and liabilities on these statements are categorized as either current or noncurrent. 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. The Board currently has no elements that meet the definition of deferred inflows or deferred outflows. Net position on these statements is categorized as either invested in capital assets or unrestricted. Overall, the Statements of Net Position provide information relative to the financial strength of the Board and its ability to meet current and long-term obligations.

The Statements of Revenues, Expenses, and Changes in Net Position provide information relative to the results of the Board's operations, non-operating activities, and other activities affecting net position that occurred during the fiscal year. Operating activities include the licensure and examination activities for the public practice of accountancy in the State. Non-operating activities include primarily investment income and office rental activities for a portion of the Board-owned building. Overall, the Statements of Revenues, Expenses, and Changes in Net Position provide information relative to the Board's management of its operations and its ability to maintain its financial strength. The above statements are articulated by agreeing the ending net position reported on both statements.

The Statements of Cash Flows provide information relative to the Board's sources and uses of cash funds for operating activities, capital financing activities, and investing activities. These statements provide a reconciliation of beginning cash balances to ending cash balances and is representative of activity reported on the Statements of Revenues, Expenses, and Changes in Net Position as adjusted for changes in beginning and ending balances of noncash accounts on the Statements of Net Position.

The three statements described above are the basic financial statements required by the Governmental Accounting Standards Board (GASB) accounting principles. In accordance with GASB, the financial statements are presented on the Board as a whole and use reporting concepts in a manner similar to that required of a business enterprise. The financial statements balances reported are presented in a classified format to aid the reader in understanding the nature of the financial statements balances.

In using the basic financial statements, the Notes to the Financial Statements accompanying the basic financial statements should be read in conjunction with the basic financial statements. The Notes to the Financial Statements provide information relative to the significant accounting principles applied in the basic financial statements, authority for and associated risk of deposits and investments, detailed information on capital assets and noncurrent liabilities, revenues and expenses, required information on pension plans, insurance against losses, commitments and contingencies, accounting changes, and if necessary a discussion of adjustments to prior periods and events subsequent to the Board's financial statement period. Overall, the Notes to the Basic Financial Statements provide information to better understand details, risk, and uncertainty associated with amounts reported in the basic financial statements.

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS  
Management's Discussion and Analysis

**Brief Agency Highlights**

The Board is an occupational licensing board that grants certificates of qualification as certified public accountants (CPAs) to those individuals who meet the statutory requirements. The Board also adopts and enforces the Rules of Professional Ethics and Conduct to be observed by CPAs in this State. Other functions of the Board include registration of CPA firms; renewal of CPA certificates and CPA firm registrations; administration of the Uniform CPA Examination; disposition of administrative hearings with respect to State statutes and rules; and administration of other provisions of Chapter 93 of the *North Carolina General Statutes*.

**Analysis of Financial Position and Results of Operations**

The Board's net position as of March 31, 2014 and March 31, 2013, was approximately \$2.43 million and \$2.32 million, respectively, an increase of approximately \$111,000 during the year. *(With the exception of the dollar and percentage amounts detailed in the following tables, all other dollar amounts have been rounded/approximated for presentation purposes.)*

**Condensed Financial Information**

The following table summarizes the North Carolina State Board of Certified Public Accountant Examiners' assets, liabilities and net position as of March 31, 2014, 2013 and 2012.

	Condensed Statements of Net Position					
	2014	2013	% Change	2013	2012	% Change
<b>Assets:</b>						
Current assets	\$ 1,968,146	\$1,267,240	55.31%	\$1,267,240	\$ 819,214	54.69%
Noncurrent assets	-	638,235	-100.00%	638,235	1,059,084	-39.74%
Capital assets, net	954,524	980,772	-2.68%	980,772	1,029,998	0.00%
Total assets	2,922,670	2,886,247	1.26%	2,886,247	2,908,296	14.95%
<b>Liabilities:</b>						
Current liabilities	420,011	502,393	-16.40%	502,393	549,586	-8.59%
Noncurrent liabilities	72,149	64,208	12.37%	64,208	77,458	-17.11%
Total liabilities	492,160	566,601	-13.14%	566,601	627,044	-9.64%
<b>Net Position:</b>						
Invested in capital assets	954,524	980,772	-2.68%	980,772	1,029,998	-4.78%
Unrestricted	1,475,986	1,338,874	10.24%	1,338,874	1,251,254	7.00%
Total net position	\$ 2,430,510	\$2,319,646	4.78%	\$2,319,646	\$2,281,252	1.68%

**Current Assets**

Current assets as of March 31, 2014, consisted primarily of cash of \$664,000, investments of \$1,302,000, and receivables of \$2,000. Current assets as of March 31, 2013, consisted primarily of cash of \$240,000, investments of \$1,019,000, and receivables of \$8,000.

Current assets increased during the fiscal year March 31, 2014, due to the increase in cash and short-term certificates of deposit as currently all of the Board's certificates of deposit mature within one year and are classified as current assets.

**NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS  
Management's Discussion and Analysis**

---

**Noncurrent Assets and Capital**

Noncurrent assets as of March 31, 2014, consisted of capital assets totaling \$955,000. Noncurrent assets as of March 31, 2013, consisted of investments of \$637,000, and capital assets of \$981,000.

Noncurrent assets decreased during the fiscal year March 31, 2014 due to the reclassification of investments totaling \$637,000 as current as noted above. Capital assets decreased due to expected depreciation expense.

**Liabilities**

Current liabilities as of March 31, 2014, consisted primarily of accounts payable of \$31,000, due to examination vendors of \$382,000, and accrued compensated absences of \$6,000. Current liabilities as of March 31, 2013, consisted primarily of accounts payable of \$26,000, due to examination vendors of \$451,000, and accrued compensated absences of \$25,000. The net decrease in current liabilities is primarily due to a \$69,000 decrease in the amount due to examination vendors related to fewer candidates sitting for the exam and a \$19,000 reduction in the compensated absences amount as earned annual leave amounts were paid to former employees.

Noncurrent liabilities consisted entirely of accrued compensated absences in the amount of \$72,000 and \$64,000 as of March 31, 2014 and 2013, respectively. The amount increased during the current year to properly reflect the above amount to be paid.

**Net Position**

The Board's net position consists of net assets invested in capital assets and unrestricted net assets. Net assets invested in capital assets were \$955,000 and \$981,000 as of March 31, 2014 and 2013, respectively. Unrestricted net assets of \$1.48 and \$1.34 million as of March 31, 2014 and 2013, respectively, represent amounts not subject to externally imposed stipulations, but subject to internal designations for various activities and initiatives.

For the year ended March 31, 2014, the increase in net position of approximately \$111,000 is primarily attributable to a reduction in legal and travel costs during the year.

The Statements of Revenues, Expenses, and Changes in Net Position present the results of the Board's operations for the report period. The following table summarizes the Board's revenues, expenses, and changes in net position for the years ended March 31, 2014, 2013 and 2012.

	Condensed Statements of Revenues, Expenses, and Changes in Net Position					
	2014	2013	% Change	2013	2012	% Change
Operating revenues:						
Exam fees	\$ 1,292,925	\$1,435,721	-9.95%	\$1,435,721	\$1,494,670	-3.94%
Certificate fees	1,331,320	1,295,485	2.77%	1,295,485	1,275,560	1.56%
Miscellaneous	9,248	10,589	-12.66%	10,589	3,719	184.73%
Operating expenses	(2,557,971)	(2,741,057)	-6.68%	(2,741,057)	(2,636,454)	3.97%
Operating income	75,522	738	10133.33%	738	137,495	-99.46%

*(Table continued on next page.)*

**NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS  
Management's Discussion and Analysis**

(Table continued from previous page.)

	Condensed Statements of Revenues, Expenses, and Changes in Net Position					
	2014	2013	% Change	2013	2012	% Change
Non-operating revenues	\$ 50,728	\$ 55,279	-8.23%	\$ 55,279	\$ 55,107	0.31%
Non-operating expenses	(15,386)	(17,623)	-12.69%	(17,623)	(16,559)	6.43%
	<u>35,342</u>	<u>37,656</u>	<u>-6.15%</u>	<u>37,656</u>	<u>38,548</u>	<u>-2.31%</u>
Increase in net position	<u>110,864</u>	<u>38,394</u>	<u>188.75%</u>	<u>38,394</u>	<u>176,043</u>	<u>-78.19%</u>
Net position beginning of year	<u>2,319,646</u>	<u>2,281,252</u>	<u>1.68%</u>	<u>2,281,252</u>	<u>2,105,209</u>	<u>8.36%</u>
Net position end of year	<u>\$ 2,430,510</u>	<u>\$ 2,319,646</u>	<u>4.78%</u>	<u>\$ 2,319,646</u>	<u>\$ 2,281,252</u>	<u>1.68%</u>

**Operating Revenues**

For the fiscal year ended March 31, 2014, operating revenues totaled \$2.63 million, consisting primarily of exam fee revenue of \$1.29 million and licensing fee revenues of \$1.33 million. For the fiscal year ended March 31, 2013, operating revenues totaled \$2.73 million, consisting primarily of exam fee revenue of \$1.44 million and licensing fee revenues of \$1.30 million.

**Non-Operating Revenues**

For the fiscal year ended March 31, 2014, non-operating revenues totaled \$50,000, primarily from interest income of \$19,000 and rental income of \$31,000. For the fiscal year ended March 31, 2013, non-operating revenues totaled \$55,000, primarily from interest income of \$25,000 and rental income of \$30,000. The significant change in non-operating revenue activity is related to a decrease in interest earnings due to expiring certificates of deposit and their renewals at a lower interest rate.

The following table summarizes the Board's expenses (operating and non-operating) for the reporting periods.

	Operating and Non-Operating Expenses For the Fiscal Years Ended March 31, 2014, 2013 and 2012					
	2014	2013	% Change	2013	2012	% Change
Operating expenses:						
Salaries and employee benefits	\$ 1,189,002	\$ 1,211,822	-1.88%	\$ 1,211,822	\$ 1,080,761	12.13%
Examination	857,776	979,094	-12.39%	979,094	1,036,110	-5.50%
Office expenses	390,646	383,013	1.99%	383,013	400,634	-4.40%
Depreciation	50,424	56,874	-11.34%	56,874	60,076	-5.33%
Other expenses	70,123	110,254	-36.40%	110,254	58,873	87.27%
Total operating expenses	<u>\$ 2,557,971</u>	<u>\$ 2,741,057</u>	<u>-60.02%</u>	<u>\$ 2,741,057</u>	<u>\$ 2,636,454</u>	<u>3.97%</u>
Non-operating expenses:						
Non-operating expenses	<u>\$ 15,386</u>	<u>\$ 17,623</u>	<u>-12.69%</u>	<u>\$ 17,623</u>	<u>\$ 16,559</u>	<u>6.43%</u>

**NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS  
Management's Discussion and Analysis**

---

For the fiscal year ended March 31, 2014, salary and employee benefits expenses decreased due to a reduction in health insurance costs related to the Board's early policy renewal. Examination costs decreased by \$121,000 due to fewer candidates sitting for the exam during the year. Other expenses decreased due to reduced hearing and legal costs during the year. Depreciation expense decreased as assets are depreciated in accordance with their useful lives.

**Economic Factors That Will Affect the Future**

The main factors impacting the economic outlook for the Board are the number of candidates seeking to sit for the Uniform Certified Public Accountants examination and the number of licensees registered with the State.

The Board derives 95% of its revenues from examination and licensing fees. Exam revenues have decreased slightly over the past year as a smaller number of examination sections were taken by examination candidates. However, that decrease was offset by a slight increase in active licensees in North Carolina, resulting in an increase in registration fees. The Certified Public Accountant credential is highly regarded in the business world and the Board expects candidates to continue to seek licensure for the foreseeable future.

**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 and expends. If you have any questions about this report or need additional information, contact:

North Carolina State Board of Certified Public Accountant Examiners  
Post Office Box 12827  
Raleigh, North Carolina 27605-2827

## **Independent Auditor's Report**

Members of the Board  
North Carolina State Board of Certified Public Accountant Examiners  
Raleigh, North Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the North Carolina State Board of Certified Public Accountant Examiners (the "Board"), an enterprise fund of the State of North Carolina, which comprise the statements of net position as of March 31, 2014 and 2013, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these basic 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 basic 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 basic 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 audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the basic 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 Board'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 basic 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 basic financial statements referred to above present fairly, in all material respects, the financial position of the North Carolina State Board of Certified Public Accountant Examiners as of March 31, 2014 and 2013, and its 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.

### *Emphasis of Matter*

As discussed in Note 1, these financial statements are presented only for the North Carolina State Board of Certified Public Accountant Examiners and do not purport to and do not present fairly the financial position of the State of North Carolina as of March 31, 2014 and 2013, nor the changes in its financial position and its cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, on pages 1 – 5, 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 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.

#### **Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedules of budget and actual - revenues, expenses, and changes in net position, on page 19, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information, except for that portion marked "unaudited," was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Bernard Robinson & Company, L.L.P.*

Raleigh, North Carolina  
August 25, 2014

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS  
Statements of Net Position  
March 31, 2014 and 2013

	2014	2013
<b>ASSETS:</b>		
Current assets:		
Cash	\$ 664,224	\$ 240,215
Short-term investments	1,301,686	1,018,696
Accounts receivable	1,000	6,474
Deferred lease commission	1,236	1,855
Total current assets	<u>1,968,146</u>	<u>1,267,240</u>
Noncurrent assets:		
Investments	-	637,000
Deferred lease commission	-	1,235
Capital assets, non-depreciable (Note 5)	300,000	300,000
Capital assets, depreciable, net (Note 5)	654,524	680,772
Total noncurrent assets	<u>954,524</u>	<u>1,619,007</u>
Total assets	<u>2,922,670</u>	<u>2,886,247</u>
<b>LIABILITIES:</b>		
Current liabilities:		
Accounts payable	30,881	25,598
Unearned revenue	540	720
Due to examination vendors	382,145	450,639
Compensated absences- current portion	6,445	25,436
Total current liabilities	<u>420,011</u>	<u>502,393</u>
Noncurrent liabilities:		
Compensated absences (Note 4)	72,149	64,208
Total noncurrent liabilities	<u>72,149</u>	<u>64,208</u>
Total liabilities	<u>492,160</u>	<u>566,601</u>
<b>NET POSITION:</b>		
Net investment in capital assets	954,524	980,772
Unrestricted	1,475,986	1,338,874
Total net position	<u>\$ 2,430,510</u>	<u>\$ 2,319,646</u>

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS  
Statements of Revenues, Expenses, and Changes in Net Position  
Years Ended March 31, 2014 and 2013

	2014	2013
Operating revenues:		
Examination fees	\$ 1,292,925	\$ 1,435,721
Licensing fees	1,331,320	1,295,485
Miscellaneous	9,248	10,589
Total operating revenues	<u>2,633,493</u>	<u>2,741,795</u>
Operating expenses:		
Salaries and employee benefits	1,189,002	1,211,822
Examination	857,776	979,094
Office expenses	102,333	88,978
Postage and printing	147,557	142,028
Travel	83,782	102,914
Maintenance and computer support	56,974	49,093
Depreciation	50,424	56,874
Legal and investigative costs	18,745	41,406
Insurance	18,652	17,321
Dues and subscriptions	9,188	12,575
Scholarships	4,000	13,000
Building	19,538	25,952
Total operating expenses	<u>2,557,971</u>	<u>2,741,057</u>
Operating income	<u>75,522</u>	<u>738</u>
Non-operating revenues (expenses):		
Interest income	19,234	24,979
Rental income	31,209	30,300
Rental building expenses	(15,386)	(17,623)
Gain on the sale of equipment	285	-
Total non-operating revenues	<u>35,342</u>	<u>37,656</u>
Changes in net position	110,864	38,394
Net position - beginning of year	<u>2,319,646</u>	<u>2,281,252</u>
Net position - end of year	<u>\$ 2,430,510</u>	<u>\$ 2,319,646</u>

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS  
Statements of Cash Flows  
Years Ended March 31, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Cash received from fees	\$ 2,624,245	\$ 2,680,746
Cash received from other amounts	1,548	1,889
Cash payments to employees for services	(1,200,052)	(1,199,636)
Cash payments for administrative, examination, and building expenses	(1,368,762)	(1,483,177)
Net cash provided by (used in) operating activities	<u>56,979</u>	<u>(178)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(30,239)	(13,712)
Proceeds from the sale of capital assets	285	-
Net cash used in capital and related financing activities	<u>(29,954)</u>	<u>(13,712)</u>
Cash flows from investing activities:		
Proceeds from maturing investments	1,018,674	908,549
Purchases of investments	(664,664)	(839,717)
Non-operating rental activities	23,740	12,677
Interest income	19,234	24,979
Net cash provided by investing activities	<u>396,984</u>	<u>106,488</u>
Increase in cash	424,009	92,598
Cash - beginning of year	240,215	147,617
Cash - end of year	<u>\$ 664,224</u>	<u>\$ 240,215</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income	\$ 75,522	\$ 738
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation	50,424	56,874
Changes in assets and liabilities:		
Accounts receivable	5,474	2,653
Accounts payable	5,283	1,686
Unearned revenue	(180)	(50,460)
Due to examination vendors	(68,494)	(23,855)
Accrued vacation	(11,050)	12,186
Total adjustments	<u>(18,543)</u>	<u>(916)</u>
Net cash provided by (used in) operating activities	<u>\$ 56,979</u>	<u>\$ (178)</u>
Supplemental disclosures of noncash investing, capital, and financing activities:		
Capital asset write-offs	\$ -	\$ 37,172

See Notes to Financial Statements

**NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS**  
**Notes to Financial Statements**

---

**NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Purpose**

The North Carolina State Board of Certified Public Accountant Examiners (Board) is an independent State agency. It is an occupational licensing board authorized by Chapters 93 and 93B of the *North Carolina General Statutes*. The Board is composed of seven members: five persons who are holders of valid and unrevoked certified public accountant certificates issued under the provisions of Chapter 93, and two persons who are not certified public accountants and represent the public at large.

The Board's primary responsibilities are to administer the Uniform CPA Examination, to grant certificates of qualification as certified public accountants to qualified persons, to register certified public accounting firms, adopt and enforce the Rules of Professional Ethics and Conduct to be observed by CPAs in this State, and to enforce all statutes and rules of *North Carolina General Statutes* Chapter 93 and the *North Carolina Administrative Code*, Title 21, Chapter 08.

The Board had 19,784 and 19,384 licensees as of March 31, 2014 and 2013, respectively.

**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 basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by Governmental Accounting Standards Board ("GASB").

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 STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS  
Notes to Financial Statements

---

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 measurement focus measures all assets that are available to the entity, not only cash or soon to be cash 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 the cash flows. Fees received for the various licenses are deemed earned when the license period begins on July 1st.

The Board classifies its revenues as operating or non-operating in the accompanying Statements of Revenues, Expenses, and Changes in Net Position. Operating revenues and expenses generally result from providing services that are necessary to the Board's principal ongoing operations. Operating revenues include activities that have characteristics of exchange transactions and consist primarily of examination and 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 primarily of rental and investing type activities. Building expenses are allocated to operating or non-operating activities based on square footage.

**Cash**

This classification includes cash on deposit and money market accounts with private bank accounts. For the purpose of the Statements of Cash Flows, the Board considers all investments with a maturity of three months or less when purchased to be cash.

**Investments**

This classification includes non-negotiable certificates of deposit with original maturities of more than three months. Certificates of deposit maturing within one year are shown as current. The certificates of deposit are reported at fair market value, which is cost plus accrued interest to date.

**Receivables**

Receivables consist of amounts due from administrative proceedings and are shown at book value with no provision for doubtful accounts considered necessary.

**Capital Assets**

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The Board capitalizes assets that have a value or cost of \$500 or greater at the date of acquisition and an expected useful life of in excess of two years.

Building and improvements	10 - 40 years
Furniture	7 - 10 years
Equipment	5 - 10 years
Software	5 years
Vehicles	5 years

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS  
Notes to Financial Statements

---

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Capital Assets (Continued)**

When an asset is disposed of, the cost of the asset and the related accumulated depreciation are removed from the financial records. Any gain or loss on disposition is reflected in non-operating revenue or expense for the year.

The Board occupies 75% of its building while leasing the other 25% of the building, which is accounted for as a non-operating activity.

**Noncurrent Liabilities**

Noncurrent liabilities consist of compensated absences that will not be paid within the next fiscal year.

**Compensated Absences**

Employees are permitted to accumulate earned but unused vacation pay benefits and all vacation pay is accrued when incurred. When determining the vacation pay liability due within one year, leave is considered taken on a last in, first out (LIFO) basis. The Board's policy provides for a maximum accumulation of unused vacation leave of 30 days for staff members and 45 days for the Executive and Deputy Director which can be carried forward each April 1st, or for which an employee can be paid upon termination of employment. Also, any accumulated vacation leave in excess of 30 days as of March 31 is converted to sick leave.

The Board's sick leave policy provides for an unlimited accumulation of earned sick leave. There is no liability for unpaid accumulated sick leave because the Board has no obligation to pay sick leave upon employee termination or retirement.

**Net Position**

*Investment in capital assets* - This represents the Board's total investment in capital assets, net of accumulated depreciation.

*Unrestricted net position* - This represents assets with no external restriction as to use or purpose. They can be employed for any purpose designated by the governing board, as distinguished from funds restricted externally for specific purposes.

Designations of net assets represent management's estimates that are subject to change based on perceived operating conditions and situations.

Litigation	\$ 750,000
Operating expenses	300,000
Capital asset acquisitions and/or improvements	100,000
	<u>\$1,150,000</u>

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS  
Notes to Financial Statements

---

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates, resulting in adjustments in future periods.

NOTE 2 - DEPOSITS AND INVESTMENTS

All funds of the Board are deposited in board-designated official depositories or brokerage firms. The Board's deposits include cash on deposit with private bank accounts, money market accounts, and certificates of deposit. At March 31, 2014, deposits in private financial institutions, with a carrying value of \$1,965,910 and a bank balance of \$1,988,338, consists of cash and short-term investments, as shown on the Statements of Net Position. The short-term investments are certificates of deposit in the amount of \$1,301,686.

Custodial credit risk is the risk that in the event of a bank failure, the Board's deposits may not be returned to it. The Board does not have a formal deposit policy for custodial credit risk. The Board's deposits with each commercial bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Board's bank deposits in excess of the FDIC insured limit totaled \$586,823 at March 31, 2014.

There are no legal limitations on the types of investments by the Board. The Board has adopted formal investment policies to establish investment objectives, standards of prudence, eligible investments, and safekeeping and custodial procedures necessary for the prudent management of the private funds maintained by the Board.

The Board is subject to the following risks:

*Interest Rate Risk:* Interest rate risk is the risk the Board may face should interest rate variances affect the fair value of investments. In accordance with its investment policy, the Board manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio. For its major investment type, certificates of deposit, maturities may not exceed 24 months.

*Credit Risk:* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Board manages credit risk by diversifying its investment portfolio. Investments are limited to:

- Obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States.
- Obligations of the State of North Carolina.
- Time deposits, certificates of deposit, and savings accounts in financial institutions with a physical presence in North Carolina.

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS  
Notes to Financial Statements

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

The following table presents the fair value of investments by type and investments subject to interest rate risk and credit risk at March 31, 2014, for the Board's investments.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Properties of Debt Securities</u>	
		<u>Weighted Average Maturities</u>	<u>Ratings</u>
Other securities:			
Certificates of deposit	<u>\$1,301,686</u>	8.5 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.

A reconciliation of deposits and investments for the Board to the basic financial statements at March 31, 2014, is as follows:

Carrying amount of deposits with private financial institutions	\$ 176,201
Money market mutual funds	488,023
Investments in certificates of deposit	1,301,686
Total deposits and investments	<u>\$1,965,910</u>
Current:	
Cash and cash equivalents	\$ 664,224
Short-term investments	1,301,686
Noncurrent:	
Investments	-
Total deposits and investments	<u>\$1,965,910</u>

NOTE 3 - UNEARNED REVENUE

The Board defers revenue recognition in connection with resources that have been received, but not yet earned. Certificate renewal fees are collected in advance and recorded as unearned revenue at year-end to be recognized as revenue when the license period begins on July 1st of the next fiscal year. Unearned revenue reported was \$540 and \$720 for the periods ended March 31, 2014 and 2013, respectively.

NOTE 4 - NON-CURRENT LIABILITIES

A summary of changes in non-current liabilities for the year ended March 31, 2014, is presented as follows:

	<u>Balance 4/1/2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/2014</u>	<u>Current Portion</u>
Compensated absences	\$ 89,644	\$ 81,026	\$ 92,076	\$ 78,594	\$ 6,445

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS  
Notes to Financial Statements

NOTE 5 - CAPITAL ASSETS

Changes in capital assets as of and for the year ended March 31, 2014 are as follows:

	Balance 4/1/2013	Additions	Deletions	Balance 3/31/2014
Capital assets, non-depreciable:				
Land and improvements	\$ 300,000	\$ -	\$ -	\$ 300,000
Capital assets, depreciable:				
Building	926,384	-	-	926,384
Furniture	113,918	-	-	113,918
Equipment	168,912	30,239	(9,468)	189,683
Software	180,337	-	-	180,337
Vehicles	26,622	-	-	26,622
Total capital assets, depreciable	<u>1,416,173</u>	<u>30,239</u>	<u>(9,468)</u>	<u>1,436,944</u>
Less accumulated depreciation:				
Building	(315,612)	(24,867)	-	(340,479)
Furniture	(112,403)	(932)	-	(113,335)
Equipment	(129,544)	(16,721)	9,468	(136,797)
Software	(168,081)	(8,643)	-	(176,724)
Vehicles	(9,761)	(5,324)	-	(15,085)
	<u>(735,401)</u>	<u>(56,487)</u>	<u>9,468</u>	<u>(782,420)</u>
Total capital assets, depreciable, net	<u>680,772</u>	<u>(26,248)</u>	<u>-</u>	<u>654,524</u>
Capital assets, net	<u>\$ 980,772</u>	<u>\$ (26,248)</u>	<u>\$ -</u>	<u>\$ 954,524</u>

Depreciation charged to operations and non-operations was \$50,424 and \$6,063, respectively.

NOTE 6 - EMPLOYEE PENSION PLAN

The Board participates in the North Carolina Licensing Board Retirement Savings Plan (Plan), which is a defined contribution plan created under Internal Revenue Code Section 401(k). The Employer, defined as the eight participating licensing boards, is empowered to appoint and remove the Trustee and Administrator.

Employees are eligible to participate in the Plan immediately upon employment. Employer contributions vest 20% a year for the first five years. A 6% contribution, based on eligible employee compensation, is made monthly by both the Board and the employee. Employees may make additional voluntary contributions to the Plan. The Plan is administered by Prudential Insurance Company of America. Board pension costs including administrative fees, totaled \$55,985 and \$51,369 for fiscal years 2014 and 2013, respectively. Employee contributions totaled \$139,189 and \$94,261 for fiscal years 2014 and 2013, respectively.

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS  
Notes to Financial Statements

---

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 managed using a combination of methods, including purchase of commercial insurance and self-retention of certain risks. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

**Public Officers and Employees Liability Insurance** – Tort claims against Board members of up to \$1,000,000 are retained by the State under the authority of the State Tort Claims Act. Additional coverage is provided to the Board through the purchase of excess public officers' and employees' liability insurance with a private insurance company.

**Fire, Automobile, and Other Loss Insurance** - Fire, coverage for other property losses, and vehicular liability insurance are covered by contracts with a private insurance company.

**Cyber Risk Insurance** - The Board is protected for losses due to risks associated with e-business, the Internet, networks and informational assets with coverage obtained from a private insurance company.

**Employee and Computer Fraud** - The Board is protected for losses from employee dishonesty and computer fraud with a private insurance company.

**Comprehensive Major Medical Plan** - Employees are provided health care coverage by Blue Cross Blue Shield of North Carolina. The Plan is funded by employer and employee contributions.

The Board makes the necessary arrangements to carry out the provisions of the Workers' Compensation Act by purchasing workers' compensation insurance for employees through a private insurance company.

NOTE 8 - LEASE REVENUE - NON-OPERATING

Effective December 31, 2011, the Board entered into a three-year agreement to lease office space to The Family Resource Center of Raleigh, Inc. The lease agreement called for monthly payments of \$2,500 to be paid for the first year with a three percent annual increase in monthly payment amounts. The Board also incurred \$5,564 for a lease commission that is recognized as an expense over the term of the lease. Future minimum lease payments to be received under the lease agreement are as follows:

Fiscal Year Ending March 31,	Lease Revenue
2015	\$ 21,218

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS  
Notes to Financial Statements

---

NOTE 9 - SCHOLARSHIP AWARD PROGRAMS

The *North Carolina General Statute* 93B-11 allows occupational licensing boards to use the interest earned on their funds for educational purposes to benefit licensees or the public. The Board provides these services through a Uniform CPA Examination "coupon" program and a graduate-level scholarship award program.

The Board awards a coupon, available to one financially-needy student graduating with an undergraduate degree in accounting, to each of the 36 North Carolina colleges and universities which grant undergraduate accounting degrees. Additional coupons are awarded at each of North Carolina's historically black colleges and universities. The coupons are valid for one year from the date of issue and cover the graduating student's initial application fee and the cost of sitting for each section of the Uniform CPA Examination. The current value of each coupon is \$959. The Board accounts for the coupon program by netting the costs associated with the actual redeemed coupons against its examination fee revenues. The cost of the coupon program totaled \$16,228 and \$21,793 for fiscal years 2014 and 2013, respectively.

The Board also awards a \$1,000 scholarship to one financially-needy student pursuing a graduate-level degree at each of the 10 North Carolina colleges and universities that offer a graduate-level degree in accounting. The scholarship is awarded through the college or university in the student's name. The Board accounts for the scholarship program by reporting a scholarship expense at the time the funds are disbursed to the awarding college or university. The cost of the scholarship program totaled \$4,000 and \$13,000 for fiscal years 2014 and 2013, respectively.

NOTE 10 - RECLASSIFICATION

Information related to operating expenses in the 2013 Statement of Revenues, Expenses, and Changes in Net Position has been reclassified to conform to the 2014 presentation.

NOTE 11 - SUBSEQUENT EVENTS

Management of the Board evaluated subsequent events through August 25, 2014, which is the date the financial statements were available to be issued. Management discovered no subsequent events that should be disclosed.

The audit was conducted in approximately 60 hours at a cost of \$8,475.

**SUPPLEMENTARY INFORMATION**

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS  
Schedules of Budget and Actual - Revenues, Expenses, and Changes in Net Position  
Years Ended March 31, 2014 and 2013

	2014			2013		
	(Unaudited) Budget	Actual	Over (under) Budget	(Unaudited) Budget	Actual	Over (under) Budget
<b>Revenues:</b>						
Examination fees	\$ 1,415,834	\$ 1,292,925	\$ (122,909)	\$ 1,479,074	\$ 1,435,721	\$ (43,353)
Licensing fees	1,307,120	1,331,320	24,200	1,298,460	1,295,485	(2,975)
Other	59,250	59,976	726	75,520	65,869	(9,651)
Total revenues	<u>2,782,204</u>	<u>2,684,221</u>	<u>(97,983)</u>	<u>2,853,054</u>	<u>2,797,075</u>	<u>(55,979)</u>
<b>Expenses:</b>						
Personnel	1,268,114	1,220,169	(47,945)	1,292,764	1,256,205	(36,559)
Examination	1,001,400	859,216	(142,184)	1,078,300	980,474	(97,826)
Scholarship	10,000	4,000	(6,000)	10,000	13,000	3,000
Office	321,800	336,027	14,227	303,000	305,451	2,451
Board and legal	128,799	65,733	(63,066)	123,190	99,938	(23,252)
Building	37,350	31,725	(5,625)	51,530	40,675	(10,855)
Depreciation	-	56,487	56,487	-	62,938	62,938
Total expenses	<u>2,767,463</u>	<u>2,573,357</u>	<u>(194,106)</u>	<u>2,858,784</u>	<u>2,758,681</u>	<u>(100,103)</u>
Changes in net position	14,741	110,864	96,123	(5,730)	38,394	44,124
Net position - beginning of year	<u>2,319,646</u>	<u>2,319,646</u>	-	<u>2,281,252</u>	<u>2,281,252</u>	-
Net position - end of year	<u>\$ 2,334,387</u>	<u>\$ 2,430,510</u>	<u>\$ 96,123</u>	<u>\$ 2,275,522</u>	<u>\$ 2,319,646</u>	<u>\$ 44,124</u>

**Budgetary Information**

Annual budgets are adopted by the Board and prepared and reported on the accrual basis of accounting. The budget prepared for fiscal year ended March 31, 2014 identifies major sources of revenue and expenses. Although budgeted amounts lapse at year-end, the Board retains its unexpended net assets to fund expenses of the succeeding years.

NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
CASE #: C2012216

IN THE MATTER OF:  
BDO USA, LLP  
Respondent

CONSENT ORDER

THIS CAUSE, coming before the North Carolina State Board of CPA Examiners ("Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N. C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following:

1. BDO USA, LLP (hereinafter "Respondent Firm") is a registered certified public accounting limited liability partnership in North Carolina.
2. Respondent Firm entered into a Deferred Prosecution Agreement ("DPA") with the United States Department of Justice on June 6, 2012.
3. The subject matter of the DPA was BDO Seidman, LLP's (now BDO USA, LLP), development, implementation, and marketing of certain tax shelters from the period of 1997 through 2003.
4. Per the DPA, the tax shelters at issue were developed by Respondent Firm's Tax Solutions Group and were designed to assist high net worth individuals to evade income taxes. According to the statement of facts attached to the DPA:

Denis Field, former Chairman and Chief Executive Officer of BDO, and Charles Bee and Adrian Dicker, senior tax partners and members of the BDO Board of Directors managed and were primarily responsible for the activities of the Tax Solutions Group.

Respondent Firm has confirmed that the aforementioned individuals are no longer with Respondent Firm and the Tax Solutions Group is no longer in existence.

5. In the DPA, Respondent Firm consented to the filing of a one-count Information in the Southern District of New York ("Information") charging Respondent Firm with conspiracy to evade taxes via the Tax Shelters. That Information was later dismissed after BDO showed that it had complied with, and continues to comply with, the terms of the DPA.
6. Respondent Firm wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent Firm understands and agrees that this Consent Order is subject to

Consent Order - 2

BDO USA, LLP

review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

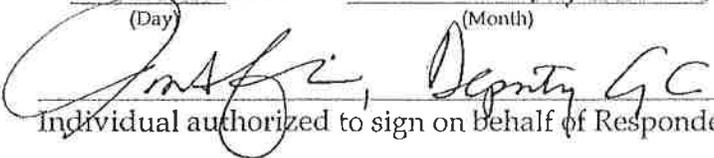
BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent Firm is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondent Firm, through the actions of its Tax Solutions Group as set forth above, violated 21 NCAC 08N .0201, .0203(a), .0207, .0211(b), and .0301(b).
3. Per N.C. Gen. Stat. § 93-12(9), and also by virtue of Respondent's consent to this order, Respondent is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent agree to the following Order:

1. Respondent Firm is censured.
2. Respondent Firm shall remit, with this signed Order, a civil payment of twenty-six thousand dollars (\$26,000.00).
3. Respondent Firm shall reimburse the Board for four thousand four hundred thirteen dollars and sixty cents (\$4,413.60) in administrative costs incurred by the Board in its investigation of this matter. Said administrative costs must be remitted to the Board with this signed Order.

CONSENTED TO THIS THE 21st DAY OF July, 2014  
(Day) (Month) (Year)

  
Individual authorized to sign on behalf of Respondent Firm

APPROVED BY THE BOARD THIS THE 25th DAY OF August,  
(Day) (Month)

2014  
(Year)

NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS



BY:   
Vice President

NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
CASE #: C2014079

IN THE MATTER OF:  
Billy C. Gore, #5152  
Respondent

CONSENT ORDER

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N.C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following Findings:

1. Respondent is the holder of North Carolina certificate number 5152 as a Certified Public Accountant.
2. Respondent informed the Board on his 2013-2014 individual certificate Renewal ("Renewal") that between January 1, 2012, and June 30, 2013, he had obtained the requisite forty (40) hours of continuing professional education ("CPE") to meet the 2012 CPE requirements.
3. Based on Respondent's representation, the Board accepted his Renewal.
4. Board staff requested that Respondent provide certificates of completion for the CPE reported to meet his 2012 and 2013 requirements.
5. Respondent provided adequate documentation for thirty-four (34) hours of the 2012 CPE courses. He provided documentation for an additional six (6) hours; however that course did not meet the specific requirements of the Board.
6. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board meeting.

NC BOARD OF

JUL 21 2014

CPA EXAMINERS

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted herein by the Board.
2. Respondent's actions as set out above constitute violations of 21 NCAC 08N .0202(a), .0202(b)(3), and .0202(b)(4).
3. Per N.C. Gen. Stat. § 93-12(9) and also by virtue of Respondent's consent to this Order, Respondent is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent agree to the following Consent Order:

1. Respondent's failure to provide adequate documentation of CPE renders the Renewal insufficient and untimely. Respondent's failure to adequately renew his certificate results in an automatic forfeiture pursuant to N.C. Gen. Stat. § 93-12(15).
2. Respondent must return his certificate to the Board within fifteen (15) days of Respondent's receipt of the Board's notification of its approval of this Consent Order.
3. Respondent may apply for the reissuance of his certificate after one (1) year from the date the Board approves this Consent Order and if Respondent's certificate and the civil penalty required in number five (5) of this Order have been timely received by the Board.
4. Respondent may apply to return his certificate to active status by submission and approval of a reissuance application which includes:
  - a. Application form,
  - b. Payment of the application fee,
  - c. Three (3) moral character affidavits, and
  - d. Forty-six (46.0) hours of CPE in the twelve (12) months preceding the application including an eight (8) hour accountancy law course as offered by the North Carolina Association of CPAs in a group-study format.

JUL 21 2014

CPA EXAMINERS

Consent Order -3  
Billy C. Gore

5. Respondent shall pay a one thousand dollar (\$1,000.00) civil penalty to be remitted to the Board prior to submitting a reissuance application.
6. Respondent agrees that failure to timely comply with any terms of this agreement and Consent Order shall be deemed sufficient grounds for revocation of his certificate.

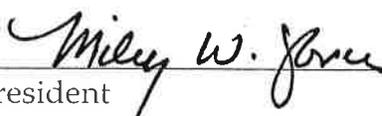
CONSENTED TO THIS THE 17th DAY OF July, 2014.

  
\_\_\_\_\_  
Respondent

APPROVED BY THE BOARD THIS THE 25th DAY OF August, 2014.

NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS



BY:   
\_\_\_\_\_  
President

NC BOARD OF  
JUL 21 2014  
CPA EXAMINERS

NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
CASE #: C2014080

IN THE MATTER OF:  
Laura B. Craver, #35684  
Respondent

CONSENT ORDER

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N.C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following Findings:

1. Respondent is the holder of North Carolina certificate number 35684 as a Certified Public Accountant.
2. Respondent informed the Board on her 2013-2014 individual certificate Renewal ("Renewal") that between January 1, 2012, and June 30, 2013, she had obtained the requisite forty (40) hours of continuing professional education ("CPE") to meet the 2012 CPE requirements.
3. Based on Respondent's representation, the Board accepted her Renewal.
4. Board staff requested that Respondent provide certificates of completion for the CPE reported to meet her 2012 requirements.
5. Respondent was able to substantiate CPE far in excess of the base forty (40) hours of general CPE hours. However, the Respondent fell ten (10) minutes short of acceptable ethics CPE for the same time period.
6. Respondent was cooperative with the Board at all stages of the investigation.
7. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board meeting.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted herein by the Board.

NC BOARD OF  
JUL 28 2014  
CPA EXAMINERS

Consent Order -2  
Laura B. Craver

2. Respondent should have known, at the time that she completed her online renewal, that she did not have all of the necessary ethics CPE for 2012, resulting in a violation of 21 NCAC 08N .0202(a), .0202(b)(3), and .0202(b)(4).
3. Per N.C. Gen. Stat. § 93-12(9) and also by virtue of Respondent's consent to this Order, Respondent is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent agree to the following Consent Order:

1. Respondent, prior to December 31, 2014, must:
  - a. Complete an eight (8) hour accountancy law course as offered by the North Carolina Association of CPAs,
  - b. Submit three (3) moral character affidavits from CPAs licensed in any jurisdiction, and
  - c. Pay a one-thousand dollar (\$1,000.00) civil monetary penalty to the Board.
2. Respondent agrees that failure to timely comply with any terms of this agreement and Consent Order shall be deemed sufficient grounds for revocation of her certificate.

CONSENTED TO THIS THE 24 DAY OF July, 2014.

Laura Craver  
Respondent

APPROVED BY THE BOARD THIS THE 25th DAY OF August, 2014.

NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS



BY: Miley W. Jones  
President

NC BOARD OF  
JUL 28 2014  
CPA EXAMINERS

NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
CASE #: C2014109

IN THE MATTER OF:  
Julia Tauras, #25043  
Respondent

CONSENT ORDER

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N.C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following Findings:

1. Respondent is the holder of North Carolina certificate number 25043 as a Certified Public Accountant.
2. Respondent informed the Board on her 2013-2014 individual certificate Renewal ("Renewal") that between January 1, 2012, and June 30, 2013, she had obtained the requisite forty (40) hours of continuing professional education ("CPE") to meet the 2012 CPE requirements.
3. Based on Respondent's representation, the Board accepted her Renewal.
4. Board staff requested that Respondent provide certificates of completion for the CPE reported to meet her 2012 and 2013 requirements.
5. Respondent provided the CPE certificates of completion to the Board as requested. Respondent was only able to provide documentation for twenty-eight and one-half (28.5) hours of continuing professional education ("CPE") taken to meet the 2012 CPE requirement.
6. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board meeting.

BASED upon the foregoing, the Board makes the following Conclusions of Law of

AUG - 4 2014

CPA EXAMINERS

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted herein by the Board.
2. Respondent's actions as set out above constitute violations of 21 NCAC 08N .0202(a), .0202(b)(3), and .0202(b)(4).
3. Per N.C. Gen. Stat. § 93-12(9) and also by virtue of Respondent's consent to this Order, Respondent is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent agree to the following Consent Order:

1. Respondent's failure to provide adequate documentation of CPE renders the Renewal insufficient and untimely. Respondent's failure to adequately renew her certificate results in an automatic forfeiture pursuant to N.C. Gen. Stat. § 93-12(15).
2. Respondent must return her certificate to the Board within fifteen (15) days of Respondent's receipt of the Board's notification of its approval of this Consent Order.
3. Respondent may apply for the reissuance of her certificate after one (1) year from the date the Board approves this Consent Order and if Respondent's certificate and the civil penalty required in number five (5) of this Order have been timely received by the Board.
4. Respondent may apply to return her certificate to active status by submission and approval of a reissuance application which includes:
  - a. Application form,
  - b. Payment of the application fee,
  - c. Three (3) moral character affidavits, and
  - d. Fifty-one and one-half (51.5) hours of CPE in the twelve (12) months preceding the application including an eight (8) hour accountancy law course as offered by the North Carolina Association of CPAs in a group-study format.

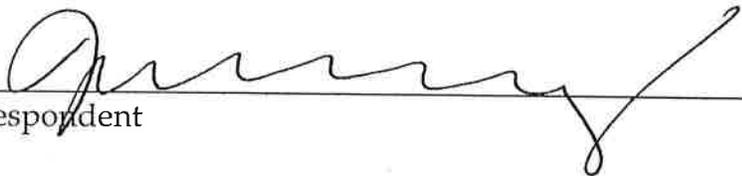
NC BOARD OF

AUG - 4 2014

CPA EXAMINERS

5. Respondent shall pay a one thousand dollar (\$1,000.00) civil penalty to be remitted to the Board prior to submitting a reissuance application.
6. Respondent agrees that failure to timely comply with any terms of this agreement and Consent Order shall be deemed sufficient grounds for revocation of her certificate.

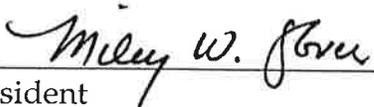
CONSENTED TO THIS THE 01 DAY OF August, 2014.

  
\_\_\_\_\_  
Respondent

APPROVED BY THE BOARD THIS THE 25<sup>th</sup> DAY OF August  
2014.

NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS



BY:   
\_\_\_\_\_  
President

NC BOARD OF  
AUG - 4 2014  
CPA EXAMINERS

THE NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS

IN THE MATTER OF:

Ernest L. Davis

Respondent, Case #C2014189

NOTICE OF APPARENT VIOLATION &  
AGREEMENT TO CEASE AND DESIST

TO THE ABOVE NAMED RESPONDENT:

WHEREAS, the North Carolina State Board of Certified Public Accountant Examiners ("Board") is authorized by N. C. Gen. Stat. § 93-12 (16) to enforce the provisions of the North Carolina Certified Public Accountant Act ("Act") through actions for injunctive relief regarding "a single violation" of this Chapter; and,

WHEREAS, pursuant to N. C. Gen. Stat. § 93-1, "A 'certified public accountant' is a person who holds a certificate as a certified public accountant issued to him under the provisions of this Chapter."

WHEREAS, pursuant to N. C. Gen. Stat. § 93-3, "It shall be unlawful for any person who has not received a certificate of qualification or not been granted a practice privilege under N.C.G.S. §93-10 admitting the person to practice as a certified public accountant to assume or use such a title, or to use any words, letters, abbreviations, symbols or other means of identification to indicate that the person using same has been admitted to practice as a certified public accountant."

WHEREAS, pursuant to N. C. Gen. Stat. § 93-6, "It shall be unlawful for any person to engage in the public practice of accountancy in this State who is not a holder of a certificate as a certified public accountant issued by the Board, unless such person uses the term 'accountant' and only the term 'accountant' in connection with his name on all reports, letters of transmittal, or advice, and on all stationery and documents used in connection with his services as an accountant, and refrains from the use in any manner of any other title or designation in such practice."

WHEREAS, Respondent Ernest L. Davis (hereinafter "Respondent") is not licensed as a certified public accountant in North Carolina or otherwise authorized by the Board to use the CPA title in this state, but his principal place of business is in North Carolina.

WHEREAS, Respondent has identified himself as a "CPA" to the IRS in order to obtain or maintain a PTIN registration.

WHEREAS, Respondent has utilized the PTIN to provide tax services to clients while having a principal place of business in the State of North Carolina.

WHEREAS, Respondent has previously been informed by the Board, and he agreed, that he may not use the CPA title in this state.

WHEREAS, the aforementioned facts constitute apparent violations of N.C. Gen. Stat. §§ 93-3 and 93-6 and Respondent has previously been notified of the same.

THEREFORE, Respondent and the North Carolina State Board of Certified Public Accountant Examiners hereby agree that Respondent shall immediately cease and desist from offering or using in any manner the title "CPA" or "Certified Public Accountant" in North Carolina unless and until licensed as a CPA by the North Carolina State Board of Certified Public Accountant Examiners.

North Carolina State Board of Certified Public Accountant Examiners

BY: Robert N. Brooks DATE: June 20, 2015  
Robert N. Brooks  
Executive Director

In lieu of civil proceedings authorized by N. C. Gen. Stat. § 93-12(16), the Board will accept Respondent's consent to this Agreement.

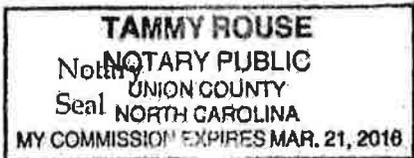
Consented to:

BY: Ernest L. Davis DATE: 7/11/14  
Ernest L. Davis

NC State

Mecklenburg County

Sworn to (or affirmed) and subscribed before me this day by Ernest L. Davis Jr.  
[I have personal knowledge of the identity of the principal(s)] [I have seen satisfactory evidence of the principal's identity, by a current state or federal identification with the principal's photograph in the form of a NC DL 24854259] [a credible witness has sworn to the identity of the principals \_\_\_\_\_.]



Tammy Rouse  
Notary Public Signature

Tammy Rouse  
Notary Public Printed Name

7/11/14  
Date

3/21/16  
My Commission Expires

THE NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS

IN THE MATTER OF:  
Sandra O. Frempong  
Respondent, Case #C2014191

NOTICE OF APPARENT VIOLATION &  
AGREEMENT TO CEASE AND DESIST

TO THE ABOVE NAMED RESPONDENT:

WHEREAS, the North Carolina State Board of Certified Public Accountant Examiners ("Board") is authorized by N. C. Gen. Stat. § 93-12 (16) to enforce the provisions of the North Carolina Certified Public Accountant Act ("Act") through actions for injunctive relief regarding "a single violation" of this Chapter; and,

WHEREAS, pursuant to N. C. Gen. Stat. § 93-1, "A 'certified public accountant' is a person who holds a certificate as a certified public accountant issued to him under the provisions of this Chapter."

WHEREAS, pursuant to N. C. Gen. Stat. § 93-3, "It shall be unlawful for any person who has not received a certificate of qualification or not been granted a practice privilege under N.C.G.S. §93-10 admitting the person to practice as a certified public accountant to assume or use such a title, or to use any words, letters, abbreviations, symbols or other means of identification to indicate that the person using same has been admitted to practice as a certified public accountant."

WHEREAS, pursuant to N. C. Gen. Stat. § 93-6, "It shall be unlawful for any person to engage in the public practice of accountancy in this State who is not a holder of a certificate as a certified public accountant issued by the Board, unless such person uses the term 'accountant' and only the term 'accountant' in connection with his name on all reports, letters of transmittal, or advice, and on all stationery and documents used in connection with his services as an accountant, and refrains from the use in any manner of any other title or designation in such practice."

WHEREAS, Respondent Sandra O. Frempong (hereinafter "Respondent") is not actively licensed as a certified public accountant in North Carolina or otherwise authorized by the Board to use the CPA title in this state, but her principal place of business is in North Carolina.

WHEREAS, Respondent, in July of 2007, applied for, and was granted, "inactive" status for her North Carolina CPA license. As part of that application, Respondent agreed that "I certify under oath that I will not identify myself as a CPA to any person in any manner ... as long as I remain on inactive status."

WHEREAS, Respondent, while on inactive status, identified herself, as a "CPA" to the IRS in order to obtain a PTIN registration.

JUL 30 2014

NC BOARD OF  
CPA EXAMINERS

WHEREAS, Respondent has utilized the PTIN to provide tax services to clients while having a principal place of business in the State of North Carolina.

WHEREAS, the aforementioned facts constitute apparent violations of N.C. Gen. Stat. §§ 93-3 and 93-6.

THEREFORE, Respondent and the North Carolina State Board of Certified Public Accountant Examiners hereby agree that Respondent shall immediately cease and desist from offering or using in any manner the title "CPA" or "Certified Public Accountant" in North Carolina unless and until licensed as a CPA by the North Carolina State Board of Certified Public Accountant Examiners.

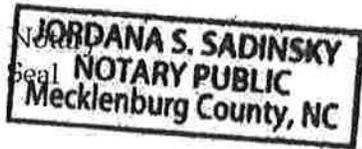
North Carolina State Board of Certified Public Accountant Examiners

BY: [Signature] DATE: June 20, 2015  
Robert N. Brooks  
Executive Director

In lieu of civil proceedings authorized by N. C. Gen. Stat. § 93-12(16), the Board will accept Respondent's consent to this Agreement.

Consented to:  
BY: [Signature] DATE: 7/10/14  
Sandra O. Frempong  
NC State  
Buncombe County

Sworn to (or affirmed) and subscribed before me this day by \_\_\_\_\_  
[I have personal knowledge of the identity of the principal(s)] [I have seen satisfactory evidence of the principal's identity, by a current state or federal identification with the principal's photograph in the form of a NCPL 25996409] [a credible witness has sworn to the identity of the principals. \_\_\_\_\_.]



[Signature]  
Notary Public Signature  
Jordana S. Sadinsky  
Notary Public Printed Name  
7-10-14  
Date

11-22-2015  
My Commission Expires

NC BOARD OF  
JUL 30 2014  
CPA EXAMINERS

THE NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS

IN THE MATTER OF:

Peter Gimbal

Respondent, Case #C2014202

NOTICE OF APPARENT VIOLATION &  
AGREEMENT TO CEASE AND DESIST

TO THE ABOVE NAMED RESPONDENT:

WHEREAS, the North Carolina State Board of Certified Public Accountant Examiners ("Board") is authorized by N. C. Gen. Stat. § 93-12 (16) to enforce the provisions of the North Carolina Certified Public Accountant Act ("Act") through actions for injunctive relief regarding "a single violation" of this Chapter; and,

WHEREAS, pursuant to N. C. Gen. Stat. § 93-1, "A 'certified public accountant' is a person who holds a certificate as a certified public accountant issued to him under the provisions of this Chapter."

WHEREAS, pursuant to N. C. Gen. Stat. § 93-3, "It shall be unlawful for any person who has not received a certificate of qualification or not been granted a practice privilege under N.C.G.S. §93-10 admitting the person to practice as a certified public accountant to assume or use such a title, or to use any words, letters, abbreviations, symbols or other means of identification to indicate that the person using same has been admitted to practice as a certified public accountant."

WHEREAS, pursuant to N. C. Gen. Stat. § 93-6, "It shall be unlawful for any person to engage in the public practice of accountancy in this State who is not a holder of a certificate as a certified public accountant issued by the Board, unless such person uses the term 'accountant' and only the term 'accountant' in connection with his name on all reports, letters of transmittal, or advice, and on all stationery and documents used in connection with his services as an accountant, and refrains from the use in any manner of any other title or designation in such practice."

WHEREAS, Respondent Peter Gimbal (hereinafter "Respondent") is not actively licensed as a certified public accountant in North Carolina or otherwise authorized by the Board to use the CPA title in this state, but his principal place of business is in North Carolina.

WHEREAS, Respondent, in July of 2010, applied for, and was granted, "inactive" status for his North Carolina CPA license. As part of that application, Respondent agreed that "I affirm that I will not identify myself as a CPA to any person in any manner ... as long as I am on inactive status...."

WHEREAS, Respondent, while on inactive status, identified himself, as a "CPA" to the IRS in order to obtain or maintain a PTIN registration.

WHEREAS, Respondent has utilized the PTIN to provide tax services to clients while having a principal place of business in the State of North Carolina.

NC BOARD OF

JUL 17 2014

CPA EXAMINERS

WHEREAS, the aforementioned facts constitute apparent violations of N.C. Gen. Stat. §§ 93-3 and 93-6.

THEREFORE, Respondent and the North Carolina State Board of Certified Public Accountant Examiners hereby agree that Respondent shall immediately cease and desist from offering or using in any manner the title "CPA" or "Certified Public Accountant" in North Carolina unless and until licensed as a CPA by the North Carolina State Board of Certified Public Accountant Examiners.

North Carolina State Board of Certified Public Accountant Examiners

BY: Robert N. Brooks DATE: 06/25/14  
Robert N. Brooks  
Executive Director

In lieu of civil proceedings authorized by N. C. Gen. Stat. § 93-12(16), the Board will accept Respondent's consent to this Agreement.

Consented to: [Signature]  
BY: Peter Gimbal DATE: July 15, 2014  
NC State  
New Hanover County

Sworn to (or affirmed) and subscribed before me this day by Peter Gimbal.  
[I have personal knowledge of the identity of the principal(s)] [I have seen satisfactory evidence of the principal's identity, by a current state or federal identification with the principal's photograph in the form of a NC Drivers License] ~~[a credible witness has sworn to the identity of the principals]~~



Cynthia A. Townsend  
Notary Public Signature

Cynthia A. Townsend  
Notary Public Printed Name

7/15/2014  
Date

11/20/2018  
My Commission Expires

NC BOARD OF  
JUL 17 2014  
CPA EXAMINERS

AUG - 4 2014

CPA EXAMINERS

THE NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS

IN THE MATTER OF:

Vicky Bellafato

Respondent Case #UT2014227

NOTICE OF APPARENT VIOLATION &  
AGREEMENT TO CEASE AND DESIST

TO THE ABOVE NAMED RESPONDENT:

WHEREAS, the North Carolina State Board of Certified Public Accountant Examiners ("Board") is authorized by N. C. Gen. Stat. § 93-12 (16) to enforce the provisions of the North Carolina Certified Public Accountant Act ("Act") through actions for injunctive relief regarding "a single violation" of this Chapter; and.

WHEREAS, pursuant to N. C. Gen. Stat. § 93-1, "A 'certified public accountant' is a person who holds a certificate as a certified public accountant issued to him under the provisions of this Chapter."

WHEREAS, pursuant to N. C. Gen. Stat. § 93-3, "It shall be unlawful for any person who has not received a certificate of qualification or not been granted a practice privilege under N.C.G.S. §93-10 admitting the person to practice as a certified public accountant to assume or use such a title, or to use any words, letters, abbreviations, symbols or other means of identification to indicate that the person using same has been admitted to practice as a certified public accountant."

WHEREAS, pursuant to N. C. Gen. Stat. § 93-4, "It shall be unlawful for any firm, copartnership, or association to assume or use the title of certified public accountant, or to use any words, letters, abbreviations, symbols or other means of identification to indicate that the members of such firm, copartnership or association have been admitted to practice as certified public accountants, unless each of the members of such firm, copartnership or association first shall have received a certificate of qualification from the State Board of Certified Public Accountant Examiners or been granted a practice privilege admitting each member of the firm, copartnership, or association to practice as a certified public accountant; provided, however, that the Board may exempt those persons who do not actually practice in or reside in the State of North Carolina from registering and receiving a certificate of qualification under this section."

WHEREAS, pursuant to N. C. Gen. Stat. § 93-6, "It shall be unlawful for any person to engage in the public practice of accountancy in this State who is not a holder of a certificate as a certified public accountant issued by the Board, unless such person uses the term 'accountant' and only the term 'accountant' in connection with his name on all reports, letters of transmittal, or advice, and on all stationery and documents used in connection with his services as an accountant, and refrains from the use in any manner of any other title or designation in such practice."

WHEREAS, Respondent Vicky Bellafato (hereinafter "Respondent") is not now nor has she ever been licensed as a certified public accountant in North Carolina or otherwise authorized by the Board to use the CPA title in this state, but she resides in North Carolina.

WHEREAS, while in North Carolina, Respondent utilized an email address that implied she was a "CPA" in violation of N. C. Gen. Stat. § 93-3.

WHEREAS, while in North Carolina, Respondent operated a business that utilized the term "CPA" in its title in apparent violation of N.C. Gen. Stat. §§ 93-3 and 93-6 and Respondent has been notified of the same.

THEREFORE, Respondent and the North Carolina State Board of Certified Public Accountant Examiners hereby agree that Respondent shall immediately cease and desist from offering or using in any manner the title "CPA" or "Certified Public Accountant" in North Carolina unless and until licensed as a CPA by the North Carolina State Board of Certified Public Accountant Examiners.

North Carolina State Board of Certified Public Accountant Examiners

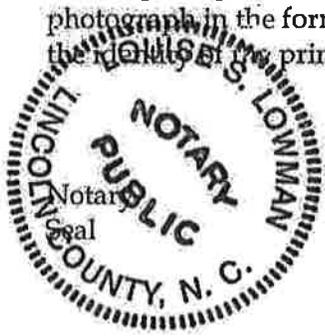
BY: Robert N. Brooks DATE: 7/22/14  
Robert N. Brooks  
Executive Director

In lieu of civil proceedings authorized by N. C. Gen. Stat. § 93-12(16), the Board will accept Respondent's consent to this Agreement.

NC BOARD OF  
AUG - 4 2014  
CPA EXAMINERS

Consented to: Vicky Bellafato DATE: 8/1/14  
BY: Vicky Bellafato  
North Carolina State Catawba County

Sworn to (or affirmed) and subscribed before me this day by Vicky Bellafato.  
[I have personal knowledge of the identity of the principal(s)] [I have seen satisfactory evidence of the principal's identity, by a current state or federal identification with the principal's photograph in the form of a drivers license] [a credible witness has sworn to the identity of the principals \_\_\_\_\_]



Louise S. Lowman  
Notary Public Signature  
Louise S. Lowman  
Notary Public Printed Name  
08-01-2014  
Date

11-25-2016  
My Commission Expires

NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
CASE #C2014172

IN THE MATTER OF:

Allee Drummond Humphrey, #14870  
Respondent

ORDER

THIS MATTER having come before the Board with a quorum present, and having been consented to by the Respondent, the Board finds and orders as follows:

1. Allee Drummond Humphrey (hereinafter "Ms. Humphrey") is the holder of a certificate as a Certified Public Accountant in North Carolina.
2. Ms. Humphrey failed to timely file the annual firm registration for Allee Drummond Humphrey, CPA, in accordance with provisions as required by N. C. Gen. Stat. § 93-12 (7b) and 21 NCAC 08J .0108 (b) and (g), and 08N .0213.
3. Ms. Humphrey subsequently renewed her firm registration, which was received by the Board on February 24, 2014, less than sixty (60) days from the annual firm registration date.
4. Pursuant to 21 NCAC 08J .0111(1), because Ms. Humphrey's infraction was for a period of less than sixty (60) days, the appropriate penalty is \$100.00.
5. Ms. Humphrey has paid her civil penalty and consents to the entry of this Order and has waived any right to a hearing.
6. The Board members present, representing a quorum of the Board, have unanimously decided to accept Ms. Humphrey's payment as full resolution of the aforementioned rules violation.

This the 25<sup>th</sup> day of August, 2014



NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS

BY: Miley W. Jones  
President

NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
CASE #C2014173

IN THE MATTER OF:

Yan Ling, #36962  
Respondent

ORDER

THIS MATTER having come before the Board with a quorum present, and having been consented to by the Respondent, the Board finds and orders as follows:

1. Yan Ling (hereinafter "Ms. Ling") is the holder of a certificate as a Certified Public Accountant in North Carolina.
2. Ms. Ling failed to timely file the annual firm registration for Yan Ling, CPA, in accordance with provisions as required by N. C. Gen. Stat. § 93-12 (7b) and 21 NCAC 08J .0108 (b) and (g), and 08N .0213.
3. Ms. Ling subsequently renewed her firm registration, which was received by the Board on February 17, 2014, less than sixty (60) days from the annual firm registration date.
4. Pursuant to 21 NCAC 08J .0111(1), because Ms. Ling's infraction was for a period of less than sixty (60) days, the appropriate penalty is \$100.00.
5. Ms. Ling has paid her civil penalty and consents to the entry of this Order and has waived any right to a hearing.
6. The Board members present, representing a quorum of the Board, have unanimously decided to accept Ms. Ling's payment as full resolution of the aforementioned rules violation.

This the 25<sup>th</sup> day of August, 2014



NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS

BY: \_\_\_\_\_  
President

*Miley W. Jones*

NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
CASE #C2014174

IN THE MATTER OF:  
Diane K. Murdock, #18627  
Respondent

ORDER

THIS MATTER having come before the Board with a quorum present, and having been consented to by the Respondent, the Board finds and orders as follows:

1. Diane K. Murdock (hereinafter "Ms. Murdock") is the holder of a certificate as a Certified Public Accountant in North Carolina.
2. Ms. Murdock failed to timely file the annual firm registration for Diane Murdock, CPA, in accordance with provisions as required by N. C. Gen. Stat. § 93-12 (7b) and 21 NCAC 08J .0108 (b) and (g), and 08N .0213.
3. Ms. Murdock subsequently renewed her firm registration, which was received by the Board on March 11, 2014, less than sixty (60) days from the annual firm registration date.
4. Pursuant to 21 NCAC 08J .0111(1), because Ms. Murdock's infraction was for a period of less than sixty (60) days, the appropriate penalty is \$100.00.
5. Ms. Murdock has paid her civil penalty and consents to the entry of this Order and has waived any right to a hearing.
6. The Board members present, representing a quorum of the Board, have unanimously decided to accept Ms. Murdock's payment as full resolution of the aforementioned rules violation.

This the 25<sup>th</sup> day of August, 2014



NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS

BY: \_\_\_\_\_  
President

*Miley W. Jones*