North Carolina State Board of Certified Public Accountant Examiners

PUBLIC SESSION MINUTES
July 20, 2026

BOARD MEMBERS IN ATTENDANCE: Jodi K. Kruse, CPA, President; D. Michael (Mickey) Payseur, CPA, Vice President; Ulysses Taylor, CPA, Esq., Secretary-Treasurer; James T. Ahler, CAE; Tammy F. Coley, CPA; Maria M. Lynch, Esq.; and Kecia Williams Smith, Ph.D., CPA.

BOARD STAFF IN ATTENDANCE: David R. Nance, CPA, Executive Director; S. Lynne Sanders, CPA, Deputy Director; Frank Trainor, Esq., Staff Attorney; Lisa Hearne-Bogle, Communications Officer; and Julia Mayo, Professional Standards Specialist.

OTHERS IN ATTENDANCE: Noel L. Allen, Esq. (via Webex), Board Legal Counsel; Robert Broome, NCACPA Vice President of Advocacy & Outreach; Emily Dooley, CPA, NCACPA Board Member; Carol Neill; Robert Neill, CPA; Mark Soticheck, CPA, NCACPA CEO; Adam Wilson, CPA; Amy Wilson; James Wilson, CPA; and Lt. J.A. Stokes, Raleigh Police Department.

CALL TO ORDER: Ms. Kruse called the meeting to order at 10:00 a.m. and stated that with seven Board members in attendance, a quorum was present.

CONFLICT OF INTEREST: Dr. Smith recused herself from an item on the Professional Standards Committee agenda.

APPROVAL OF AGENDA: Mr. Ahler moved to approve the agenda, and Mr. Taylor seconded the motion. The motion passed with seven votes in favor, and none opposed.

MINUTES: Mr. Taylor moved to approve the June 22, 2026, meeting minutes, and Ms. Coley seconded the motion. The motion passed with seven votes in favor, and none opposed.

FINANCIAL AND BUDGETARY ITEMS: Mr. Payseur moved to approve the June 2026 financial statements, and Mr. Ahler seconded the motion. The motion passed with seven votes in favor and none opposed.

NATIONAL ORGANIZATION ITEMS: Mr. Nance updated the Board on the recent work of the NASBA Private Equity Taskforce.

PROFESSIONAL STANDARDS COMMITTEE REPORT: The Board approved, with seven votes in favor and none opposed, the following Committee recommendation presented by Mr. Payeur:

<u>Case No. C2025092 - Frank Hemby Harper</u> - Approval of the signed Consent Order (Appendix I).

Mr. Payseur stated that the Committee provided guidance to the staff on eight items.

PROFESSIONAL EDUCATION AND APPLICATIONS COMMITTEE REPORT: The Board approved, with seven votes in favor and none opposed, the following Committee recommendations presented by Dr. Smith:

Transfer of Grades - Approve the following applications for transfer of Uniform CPA Exam grades from another jurisdiction:

Jennifer Marie Anderson
Shana Marie Horn
Kwon Hee Jang
Elena Eduardovna Kimsey
Stryder Wilson Laster
Shruthi Abirami Loganathan
Connor Nicholas Myers
Hunter Wayland Phillips
Shristi Tuladhar
Quentin Edward Witherell

Application for Original CPA Certificate - Approve the following applications for original North Carolina CPA licensure:

Jennifer Marie Anderson
Christopher Luke Ash
Traci Nicole Bare
Kaitlyn Diane Baucom
Austin Stuart Bland
Victoria Ann Boon
Rebecca Faith Brown
Benjamin Caskey Buben
Macy Shaw Carp
Caroline Elizabeth Clevenger
Bryan Christopher Collins
Jessica Diane Copeland
Katherine Elizabeth Corn
James Ferdnand Croom
Chase Gregory Crump
Delaney Faith Darrow
Alida Hart Dayton
Lauren Catherine Dever
Donna Lynn Dysart Doggett
Matthew Sullivan Dubuque
Corry Whitaker Eason
Daniel Aaron Ellison
Annika Britt Erickson
Blake Anthony Fasciolo
Nicholas Michael Frazier
Rodney Carnell Gillis II
Gage Huntley Grady
Justin Terel Hamilton
John Murphy Hayes
Jacy Drew Heeter
Zachary Pierce Helms
Tyler Anderson Hobson
Ryan Dean Holden
Shana Marie Horn
Bradley Douglas Hulker
Chariti Louise Jackson
Kwon Hee Jang
Andrew Paul Johnson
Derrick Joseph Johnson
Jonathan Bradley Jones
Christopher Joseph Kellett
Elena Eduardovna Kimsey
Devan Chandler Kransteuber
Eva Mae Larson
Stryder Wilson Laster
Blair Nicole Lefler
Shruthi Abirami Loganathan
Jerrie Rievan Lombard
Kelly Parsons Melton
Kellie Bailey Monacell
Michael Edward Moul
Connor Nicholas Myers
Sarah Catherine O'Connell
Ryan Michael O'Keeffe
Zachary Pierce Oxendine
Somi Leia Pak
John William Parker
Maria Abigail Perez
Benjamin Jacob Perry
Joshua Hayden Pfister

Hunter Wayland Phillips
Ryan Joseph Pisch
Justin Parker Powell
Hayden Quinn Read
Jill Taylor Ross
Marshal Frye Roten
Ryan James Schlossberg
Shivani Rajya Laxmi Shah
William James Sharp
Cyril Sheptak
Sarah Dalaiah Siddiqui
Andrew Brent Simpson
Michael J. Sinkus
Elijah Kolbe Smith
George Murphy Canant Streetman
Madison LeeAnne Tarlton
Lyle Zac Teijen
Shristi Tuladhar
Erik Charles Tveidt
Daniel William Wallace
Alexander Colby Walsh
Cadee Jannah Warren
Logan Ian Webb
Alise Jeanne Wille
Quentin Edward Witherell
Rhiannon Salem Younger
Ricardo Zaldana

Application for Temporary Permit - Approve the following temporary permits approved by the Deputy Director:

Justin Craig Conley T15693
Derek Michael Skwiat T15694
Bennett William Rowan T15695
Alyssa Carter T15699
Theresa Hall Bell T15700
Edmund Josian Kariuki Mugo T15701
Michael Henry Thornberry T15702
Moriah Joelle Alper-Stein T15703
Kellie Suzanne Arevalo T15704
Katherine Mary Karoline Blom T15705
Tenesha Marie Hartgrove T15708
Kelly Mattox T15709
Gregory Lee Miles T15710

Application for Reciprocal CPA Certificate - Approve the following applications for reciprocal CPA certification:

Christopher Michael Barnes
Richard Andrew Beam
Matthew James Becker
Theresa Hall Bell
Thomas Adam Bonfiglio
Wayne Gerald Brett
Jack Davis Burdett
Alyssa Carter
Ryan Thomas Cello
Justin Craig Conley
Sicheng Zhong Curtis
Brandon Andrew Davis
Allison Marie Dawson
William Bruce Dickson
Alexander Charles Drury
Enselme Fandohan
Russell Scott Fisher
Charles Brian Gaskins
Jonathan Laird Germer
Xinran Grenestedt Guo
Felicity Agyei Gyasi
Jessica Reber Hanus
Tenesha Marie Hartgrove
Jordan Robert Holt
Matthew David Horn
Chih-Ching Elizabeth Hsu
Brian Hynes
Jeffery Scott Jones
Duncan Ryan Kneeland
Eric Thomas Krisher
David Martin Lipscomb
Yichun Liu
Eleanor Lynch
Chelsea Power Manganaro

Molly Ann Margaret Marion
Kelly Mattox
Jacob Roman Miller
Edmund Josiah Kariuki Mugo
Thanh Dao Ngo
Erica Peterson
Samuel Joseph Proko
Seth MackVay Richards
Curtis Grant Robinson
Marie Christine Saunders
Isaac Benjamin Scalese
Betty Jean Sears
Thomas Ashcraft Sherrill
Derek Michael Skwiat
Lisa Jo Summerbell
Ting Sun
Michael Henry Thornberry
Timothy Michael Trampe
Brian H. Travers
Trenton Marsalis Walker
Reese Jefferson Walton
George Herbert Williamson
Kelly Jean Ford Woodley
Samantha Mckenzie Yergeau
Tara Lynn Youel
Jennifer Youtsey Zeplin

Application for Reinstatement of CPA Certificate - Approve the following applications for CPA certificate reinstatement:

Charlotte J. Bradshaw #24061
Christopher Ryan Carroll #46643
Shanna Berry Francois #36004
Emilie Houston Kosiba #43601
Joseph John Schmelzle II #42085
Kaleb Edward Tucker #40588

Application for Reissuance of CPA Certificate - Approve the following application for CPA certificate reissuance:

Richard Allen Chandler, #18210

CPE Extension Requests - Approve four requests and deny one request for an extension to complete the 2025 CPE requirement by June 30, 2026, without penalty.

CPE Letter of Warning - Approve the request from Kirti H. Shah, #37958, to rescind the previously issued Letter of Warning.

Applications for Uniform CPA Exam - Approve the following applications to sit for the Uniform CPA Exam as a North Carolina candidate:

Samantha Addeo
Lauren Adiletta
Robert Adomaites
Justin Ah Yow
Malarie Alexis
Zachary Ambrose
Mae Angus
Joshua Apple
Laken Appleby
Susan Arnold
Eric Atilano-Garcia
Phu Aung
Natalie Auwn
Jared Barkley
Lauren Becker
Brady Beddingfield
Rene Beeslaar
Maxwell Bellone
Taylor Benson
Laina Beshgetoorian
Jackson Bjork
Amanda Bodden

Ilya Boiko
Chloe Borchers
Connor Bowers
Mackenzie Bowers
Maris Bowlby
Allison Broz
Katherine Bucci
Gilleyn Bunting
Joseph Burroughs
Gregory Burrows
Benjamin Butcher
Lionel Cabrera
Aidan Campbell
Amanda Campbell
Candice Canino
Christina Canty
Beatrice Carter
Kaitlin Carter
Caroline Cates
Ryan Chen
Tyler Cherry
Xavier Chester
Kassady Cheyunski
Elliot Cho
Isabel Clark
Margaret Clark
Nathan Clark
Kara Cline
Cara Clippinger
Talia Colangelo
Kaitlin Coleman
Maili Collett
Amber Collins
Noah Combs
Jillian Connolly
Pierce Coombs
Olivia Cope
Clinton Cram
Ruth Crawford
Alexandra Davis
Amy Davis
Wyatt Decanter
Luke DeFranco
John Dieffenbacher
Meghan Doran
Olivia Dougherty
Megan Eaker
Christopher Edwards
Trenton Edwards
Carson Eldridge
Charlene Etters
Shannon Feltz
Jackson Ferrell
Rachel Foltz
Holly Forester
Forrest Forshey
Holly Forsht
Sarah Freeman
Eldar Gabidoff
Joshua Gardina
Brittany Garfi
Marylia Geertz
Frances Gehrke
Samuel Geisinger
Peter Geratz
Stephen Gilbert
Aoha Godo
Carolyn Goins
Zinayida Golovin
Libbie Gordon
Daniel Gorodisch
Myles Grady
Andrew Gray
Paul Griffin
Oscar Guerra
Adam Gutierrez
Taylor Hagaman
Anna Hamner
Madison Hanan
Kyra Hansen
Tommy Harkey
Howard Harrell
Rayquan Harris
Adam Harrison
Racheal Harwell
Moses Hawks
Joi Haywood
McKenna Hefta
Kooper Hendriks
Roberto Hernandez
Lucas Hicks
Jacob Hines

Mason Hines
Logan Hollingsworth
Emma Hughlett
Zachary Hui
Joseph Huynh
Tarila Iduma
Jamil Issa
Keno Ivri Ivri
Sachin Iyengar
Ryan James
Ashley Jensen
Carter Johnson
Edmonia Johnson
Alicia Jones
Domino Jose
Ridge Kaauwai
Mohamed Kadora
Caleb Karie
Wagid Kassim
Mia Keegan
Andrew Kelley
Anna Kemp
Hamza Khalid
Hyun Sil Kim
Daniel Knott
Samantha Kofler
Cheryl Kovic
Reilly Kungl
Jacob La Frenz
Alana Laliberte
James Lambert
Aaron Lee
Sarah Leonard
Andrew Lerro
Matthew Line
Alessia Lluka
Cole Lucas
Olivia Luks
Emily Maida
Juanitha Makamwe
McIver Mann
Gillian Manning
Jessica Mansell
Keyshla March De Jesus
Patricia Marte Rafael
Joshua Martin
Brady McElheny
Michael McKiernan
Eric McLaughlin
Jonathon McLean
Caroline McMullan
Aiden McNeill
Delaney McNew
Connor Meenan
James Miller
Natalie Mitchell
Brylee Montanari
Collin Montgomery
Molly Moore
Abrianna Morris
Alexandra Mull
Patrick Murnane
Martina Muzzolon
Emaline Myers
Frederick Nelson
David Neyland
Davis Noe
Ian Norris
William Noxon
Connor O'Brien
Manuel Ortiz
Jessica Outlaw
Hope Page
Desi Parker
Nicholas Parker
Zhanna Parker
Macy Parkhurst
Kaitlyn Parrish
Chrissie Parsons
Dristi Patel
Utsav Patel
Maliyah Paynter
Evelyn Pearce
Abigail Pierce
Mabry Platt
Jessica Plumb
Lynsey Plunkett
Blaire Powell
Jason Praefcke
Jackson Price
Brady Proffitt
Frank Raya-Viera

Westin Reeder
Vida Reese
Hanna Respess
John Ries
Matthew Ritch
Holden Rivenbark
Duncan Robertson
Sarah Rogers
Kaitlyn Roman
Hope Rosander
Anna Ross
Sylvia Ruff
Vincent Ruggiero
Gabriel Salinas
Emma Sawtell
Daniel Seekins
Trenton Seibert
Priyanka Sharma
Cassandra Shortman
Emerson Simms
Neesu Singh
Erin Singleton
Charles Smith
Talia Smith
Lukas Sobocinski
William Solomon
Joshua Speer
Mia Spencer
Rachel Spinelli
Dylan Spurlin
Michael Sredl
Gwyneth Stewart
Ross Strickland
Heidi Sturm
James Suggs
Leah Sullivan Johnson
Andrew Sutherland
Matthew Sutton
John Sykes
Lewis Tatham
Anna Teets
Bradley Tepper
John Tessmann
Jansen Thompson
Douglas Toledo
Sarah Truelove
Michael Tubbs
Michael Tucciarone
Kassia Tuura
Bryce Ulloa
Ella Underwood
Madison Upchurch
Michelle Van
Maura VandeWiele
Luis Villarreal Cantú
Lucas Votaw
Zachary Wade
Callum Walker
Sarah Wallace
Xiaoya Wang
Jace Ward
Lanett Washington
Charles Watson
James Weaver
Matthew Weber
Brianna Whelan
Christopher Wiginton
Michael Wilkins
Malique William
Ashlyn Williams
Olivia Williams
Chris Wood
Maddox Yegge
William Yount
Helen Zhang

CPA Firm Registration - Approve the following CPA firm registrations, as approved by the Executive Director:

Jonathan Ferguson, CPA, PLLC
Loomis Tax & Advisory, PLLC
TCHB, P.A.
Tracy Miliano CPA, PLLC

Miscellaneous - Approve a candidate's request for a Uniform CPA Exam score extension.

The Committee recommended that the Board disapprove a request by the Foreign Academic Credentials Service, Inc. (FACS), to be considered an additional qualified evaluator for CPA examination and licensure applicants.

The Committee deferred discussion of the Board's consideration of future CPE extension requests until the August 17 meeting.

REPORT OF THE AUDIT COMMITTEE: Dr. Smith provided an update on the results of the March 31, 2026, financial statement audit (Appendix II) performed by Bernard Robinson & Company, LLP. No audit findings were reported, and the Board received a clean opinion. The Board approved, with seven votes in favor and none against, the Committee's recommendation to accept the Board's audit report.

REPORT OF THE INVESTMENT COMMITTEE: Mr. Payseur summarized the Committee's July 17, 2026, meeting with the Board's investment advisors.

EXECUTIVE STAFF AND LEGAL COUNSEL REPORT: The Board reviewed the June 2026 operational metrics and the July 2026 Executive Staff Report.

RECOGNITION OF NC CPA LICENSURE MILESTONES: Ms. Kruse presented Certificates of Recognition to Mr. Wilson and Mr. Neill in honor of their many years of North Carolina CPA licensure. Mr. Wilson has been licensed as a North Carolina CPA for 54 years, and Mr. Neill for 52 years. Following the presentation, both gentlemen shared reflections on their careers, the evolution of the CPA profession, and its importance in serving the public interest.

Ms. Kruse directed the staff to send a Certificate of Recognition to the following individuals who have held an active North Carolina CPA license for 50 or more years as of July 2026:

John Thomas Autrey, #9434	50 yrs
Phillip Lee Bostian, #9404	50 yrs
Rebecca Shields Sawyer, #9411	50 yrs
Lorinda Bolz Spivey, #9410	50 yrs
Brewer Moody Ezzell, #7820	52 yrs
Kenneth Bruce Hawkins, #7821	52 yrs
Kenneth Barry Morgan, #7824	52 yrs
Elizabeth Daniel Palmer, #7825	52 yrs
Miltom Emmett Petty, #7826	52 yrs
Robert Lee Underwood III, #7833	52 yrs
Gary Donald Wilson, #7819	52 yrs
Jerry Lee Price, #4275	55 yrs
Fern Haywood Shubert, #4277	55 yrs
Ralph Wayne Hutchins, #3419	57 yrs
Clyde Stephen Dula, #3145	58 yrs

PUBLIC COMMENTS: Mr. Soticheck shared a summary of the NCACPA's recent and upcoming activities, and Mr. Broome provided a legislative update.

ADJOURNMENT: Mr. Taylor moved to adjourn the meeting at 10:40 a.m., and Mr. Ahler seconded the motion. The motion passed with seven votes in favor and none opposed.

Respectfully submitted:

David R. Nance, CPA
Executive Director

Attested to by:

Jodi K. Kruse

Jodi K. Kruse, CPA
President

NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #C2025092

IN THE MATTER OF:
Frank Hemby Harper, CPA, #12859
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 the Respondent stipulate to the following:

1. Frank Hemby Harper, CPA (hereinafter "Respondent"), is the holder of North Carolina certificate number #12859 as a Certified Public Accountant.

2. The Board received a complaint from an individual ("Complainant") alleging that she had hired the Respondent to prepare tax returns for three individual families, a corporation, and an LLC. The Complainant alleges that the Respondent never filed her tax returns.

3. Per the IRS, the Complainant received a CP81 letter informing her that her payment was received for federal taxes due, but they had not yet received her tax return.

4. In response, the Respondent stated that the Complainant's tax returns were rejected on March 3, 2023.

5. The Respondent further stated that no one from his office double-checked to see if the Complainant's tax returns were accepted by the IRS. He asserts that he implemented procedural changes to avoid this error moving forward.

6. Subsequently, the Respondent was subjected to an audit of his CPE because he had been issued a letter of warning for having taken some of his CPE late.

7. The Respondent has cited health issues as a reason that he has been unable to adequately respond to the CPE audit and other matters pending before the Board. After approximately 45 years as a CPA in North Carolina, the Respondent wishes to voluntarily surrender his CPA certificate.

8. The 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. The 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:

Consent Order 2
Frank Hemby Harper, CPA

1. The 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 therein by the Board.

2. Per N.C. Gen. Stat. § 93-12(9), and also by virtue of the Respondent's consent to this order, the Respondent is subject to the discipline set forth below.

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

1. The Respondent, Frank Hemby Harper, CPA, hereby voluntarily surrenders his CPA certificate.

2. If the Respondent ever seeks to reinstate his CPA certificate, he first needs to document 80 hours of CPE and pay a $1,000 civil monetary penalty.

CONSENTED TO THIS THE 11 (Day) DAY OF July (Month), 2024 (Year).

____
Respondent

APPROVED BY THE BOARD THIS THE 20 (Day) DAY OF JULY (Month), 2026 (Year).

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS

BY: ________________________
President

July 20, 2026

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

We have audited the financial statements of the North Carolina State Board of Certified Public Accountant Examiners (the "Board") for the year ended March 31, 2026 and have issued our report thereon dated July 20, 2026. Professional standards require we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated February 7, 2026, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Board solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you in our engagement letter.

1501 Highwoods Blvd., Ste. 300 (27410)
P.O. Box 19608
Greensboro, NC 27419

P: 336-294-4494 • F: 336-294-4495

brc.cpa

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

We have identified the following significant risks:

- Management override of controls – this risk is presumed to be present in every audit under professional standard, regardless of the control environment. The rationale is that even the most robust internal control system can be overridden by management.
- Improper revenue recognition – this risk refers to the intentional or unintentional misstatement of revenue in financial statements. This can include premature recognition or manipulation of cut-off procedures. It is one of the most common areas for financial reporting fraud and is therefore presumed to be a significant risk in every audit engagement.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Board is included in Note 1 to the financial statements. As described in Note 10 to the financial statements, during the year, the Board adopted Governmental Accounting Standards Board (GASB) Statement No. 105 – Subsequent Events. The primary objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. There are currently no significant estimates.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users.

The most sensitive disclosure affecting the Board's financial statements relates to:

- The fair value measurements in Note 3 of the financial statements, which requires judgment by management related to the valuation level within the fair value hierarchy.
- The implementation of a new standard in Note 10.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. No such misstatements were noted.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. No such misstatements were noted.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Board's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, dated July 17, 2026.

Management Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Board, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Board's auditors.

Other Matters

We applied certain limited procedures to the Management's Discussion & Analysis, which is required supplemental information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Budget and Actual – Revenues, Expenses, and Changes in Net Position, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriated and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This report is intended solely for the information and use of the board of directors, and management of North Carolina State Board of Certified Public Accountant Examiners and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Bernard Robinson & Company, L.L.P.

BERNARD ROBINSON & COMPANY, L.L.P.

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS

FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2026 AND 2025

BOARD MEMBERS

Jodi K. Kruse, CPA, President

D. Michael (Mickey) Payseur, CPA, Vice-President

Ulysses Taylor, J.D., MBA, CPA, Secretary-Treasurer

James T. Ahler, CAE

Tammy Coley, CPA

Maria M. Lynch, Esquire

Kecia Williams Smith, Ph.D., CPA

ADMINISTRATIVE STAFF

David R. Nance, CPA, Executive Director

S. Lynne Sanders, CPA, Deputy Director

Frank X. Trainor, Esquire, Staff Attorney

OUTSIDE LEGAL COUNSEL

Allen & Pinnix, P.A.

Noel L. Allen, Esquire

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
Table of Contents

Introduction

The following discussion and analysis provide an overview to assist the reader in interpreting and understanding the accompanying 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 for the Board's assets, liabilities, deferred inflows, and 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 expenses in the next fiscal year. Current liabilities are those payable in the next fiscal year. 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 for the results of the Board's operations, non-operating activities, and other activities affecting its 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. These statements are articulated by agreeing the ending net position reported on both statements.

The *Statements of Cash Flows* provide information for 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, along with the *Notes to the Financial Statements,* are the financial statements required by the Governmental Accounting Standards Board (GASB). In accordance with GASB, the financial statements are presented on the Board as a whole and use reporting concepts in a manner like that required of a business enterprise. The *Statements of Net Position* are presented in a classified format to aid the reader in understanding the nature of the financial statement balance.

The *Notes to the Financial Statements* accompanying these financial statements are an integral part of the financial statements and should be read in conjunction with the financial statements. The *Notes to the Financial Statements* provide additional detail and an explanation about the amounts reported in the financial statements.

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; administration of the continuing professional education (CPE) compliance program; 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, 2026 and March 31, 2025, was approximately $4.77 million and $4.53 million, respectively, an increase of approximately $241,000 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 Board's assets, liabilities and net position as of March 31, 2026, 2025 and 2024.

Condensed Statements of Net Position

	2026	2025	**% Change**	2025	Restated 2024	% Change
Assets:						
Current assets	**$ 2,063,072**	$ 2,417,819	**-14.67%**	$ 2,417,819	$ 2,234,430	8.21%
Noncurrent assets	**2,470,800**	1,801,977	**37.12%**	1,801,977	1,587,270	13.53%
Capital assets, net	**861,892**	983,571	**-12.37%**	983,571	1,000,734	-1.72%
Total assets	**5,395,764**	5,203,367	**3.70%**	5,203,367	4,822,434	7.90%
Liabilities:						
Current liabilities	**411,682**	424,401	**-3.00%**	424,401	465,397	-8.81%
Noncurrent liabilities	**107,924**	93,478	**15.45%**	93,478	95,939	-2.57%
Total liabilities	**519,606**	517,879	**0.33%**	517,879	561,336	-7.74%
Deferred Inflows of Resources:						
Deferred lease receipts	**109,868**	160,218	**-31.43%**	160,218	54,654	193.15%
Net Position:						
Invested in capital assets	**861,892**	861,058	**0.10%**	861,058	918,419	-6.25%
Unrestricted	**3,904,398**	3,664,212	**6.55%**	3,664,212	3,288,025	11.44%
Total net position	**$ 4,766,290**	$ 4,525,270	**5.33%**	$ 4,525,270	$ 4,206,444	7.58%

Current Assets

Current assets as of March 31, 2026, consisted primarily of cash and short-term investments - $1,969,000, prepaids - $34,000, and accounts, interest, and lease receivables - $60,000. Current assets as of March 31, 2025, consisted of cash and short-term investments - $2,339,000, prepaids - $24,000, and accounts and lease receivables - $55,000.

Current assets decreased by $355,000 during the fiscal year March 31, 2026. The decrease identifies to decreased cash and short-term investments as a result of operations and increased long-term investments.

Noncurrent and Capital Assets

Noncurrent assets as of March 31, 2026, consisted of investments totaling $2,413,000 and lease receivable of $58,000. Capital assets totaled $862,000. Noncurrent assets as of March 31, 2025, consisted of investments totaling $1,692,000 and lease receivable of $110,000. Capital assets totaled $984,000.

Noncurrent assets increased by $670,000 during the fiscal year March 31, 2026. There was an increase in the investment account by $721,000, and a decrease in the lease receivable account by $52,000. The increase in the investment account is a result of additional investments as well as improved market results for the Board's investments. The decrease in the lease receivable is the result of a completed year on the Board's lease with its tenant. The decrease in capital assets is primarily due to Board's licensing software subscription being expensed as a short term subscription versus being capitalized and amortized as a long term subscription in previous years.

Liabilities

Current liabilities as of March 31, 2026, consisted of accounts payable - $20,000, due to examination vendors - $350,000, and accrued compensated absences - $42,000. Current liabilities as of March 31, 2025, consisted of accounts payable - $25,000, due to examination vendors - $227,000, subscription software payable - $123,000, and accrued compensated absences - $48,000. The decrease of $13,000 reflects several operational changes. Accounts payable and due to examination vendors increase by $117,000, mainly related to the Board's payable for exam costs. The Board saw a significant increase in exam activity during the year. The accrued compensated absences payable decreased by $6,000 due to the amounts due to employees for leave amounts earned. The subscription software liability of $123,000 was removed as the board licensing software is now being expensed, eliminating the need to show a subscription software liability.

Noncurrent liabilities consisted of accrued compensated absences of $108,000 as of March 31, 2026. Noncurrent liabilities consisted of accrued compensated absences of $93,000 as of March 31, 2025. The increase during the current year reflects the change in the current and long-term portion of the compensated absences balance as of March 31, 2025.

Deferred Inflows of Resources

The Deferred Inflows of Resources accounts for the Board's lessor obligations related to an office rental. Deferred lease receipts of $110,000 and $160,000 are presented as of March 31, 2026 and 2025, respectively. The decrease of $50,000 recognizes the inflow of lease receipts during the year based on the renewed lease contract.

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 $862,000 and $861,000 as of March 31, 2026 and 2025, respectively. Unrestricted net assets of $3.90 and $3.66 million as of March 31, 2026 and 2025, 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, 2026, there was a increase in net position of $241,000. The Board's revenues increased by $356,000, mostly due to a increase in the volume of candidates taking the CPA exam. The increase comes as interest in the profession has increased over the past couple of years and possible candidates have become more familiar with the new exam format that was introduced in January 2024. Operating expenses increased by $428,000 during the year. Examination costs increased by $418,000 related to the increased volume of exam sittings and accounting for the majority of the increased operating expenses. Other cost category changes were expected based on anticipated cost-of-living increases.

Net position was also impacted by the Board's non-operating revenues and expenses, decreasing by $5,000 related to the Board's investment earnings during the year.

The Board has no control over the number of candidates that will sit for the exam; however, it budgeted for a similar level of exam activity as in the prior year. The actual revenue was about $395,000 more than budgeted due to increased number of examination sections taken during the year. It appears that candidates have become more familiar with the new CPA exam format and candidates continued to sit for the exam at a steady pattern throughout the year resulting in higher exam fee revenues.

Similarly, the Board's expenditure categories were higher than budget expectations. Exam expenditures generally mirror the anticipated revenues; therefore, those costs increased by $346,000 matching the higher volumes of examination sections taken. Expenses were $213,000 higher than budgeted in total. The net increase from operations of $60,000, along with positive results from the Board's non-operating activities of $181,000 resulted in the increase in net position of $241,000.

Net Position (Continued)

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, 2026, 2025, and 2024.

Condensed Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended March 31,

	2026	2025	**% Change**	2025	Restated 2024	% Change
Operating revenues:						
Exam fees	**$ 1,816,394**	$ 1,487,385	**22.12%**	$ 1,487,385	$1,547,019	-3.85%
Licensing fees	**1,531,235**	1,512,661	**1.23%**	1,512,661	1,503,885	0.58%
Miscellaneous	**22,779**	14,310	**59.18%**	14,310	17,361	-17.57%
Operating expenses	**(3,310,394)**	(2,881,831)	**14.87%**	(2,881,831)	(3,076,805)	-6.34%
Operating income (loss)	**60,014**	132,525	**-54.71%**	132,525	(8,540)	-1651.81%
Non-operating revenues	**205,845**	210,341	**-2.14%**	210,341	269,414	-21.93%
Non-operating expenses	**(24,839)**	(24,040)	**3.32%**	(24,040)	(22,237)	8.11%
	181,006	186,301	**-2.84%**	186,301	247,177	-24.63%
Increase in net position	**241,020**	318,826	**-24.40%**	318,826	238,637	33.60%
Net position beginning of year	**4,525,270**	4,206,444	**7.58%**	4,206,444	3,967,807	6.01%
Net position end of year	**$ 4,766,290**	$ 4,525,270	**5.33%**	$ 4,525,270	$ 4,206,444	7.58%

Operating Revenues

For the fiscal year ended March 31, 2026, operating revenue totaled $3.37 million, consisting primarily of exam fee revenue of $1.82 million and licensing fee revenue of $1.53 million. For the fiscal year ended March 31, 2025, operating revenue totaled $3.01 million, consisting primarily of examination fee revenue of $1.49 million and licensing fee revenue of $1.51 million. Exam fee revenue increased by $329,000 related to increased candidates sitting for the CPA exam during the year.

Non-Operating Revenues

For the fiscal year ended March 31, 2026, net non-operating revenues totaled $206,000, consisting of net interest income of $83,000, rental income of $50,000, and unrealized gains on investment of $73,000. For the fiscal year ended March 31, 2025, net non-operating revenues totaled $211,000 consisting of interest income of $99,000, rental income of $50,000, and unrealized gains on investments of $61,000. The Board's non-operating revenue activity for the current year was similar to the prior year results.

Non-Operating Revenues (Continued)

The following table summarizes the Board's expenses (operating and non-operating) for the years ended March 31, 2026, 2025, and 2024.

Operating and Non-Operating Expenses
For the Fiscal Years Ended March 31,

	2026	2025	**% Change**	2025	Restated 2024	% Change
Operating expenses:						
Salaries and employee benefits	**$ 1,288,646**	$ 1,290,569	**-0.15%**	$ 1,290,569	$ 1,350,536	-4.44%
Examination	**1,370,685**	953,468	**43.76%**	953,468	1,050,228	-9.21%
Office related expenses	**306,418**	333,843	**-8.21%**	333,843	358,075	-6.77%
Depreciation	**190,020**	149,503	**27.10%**	149,503	173,799	-13.98%
Other expenses	**154,625**	154,448	**0.11%**	154,448	144,167	7.13%
Total operating expenses	**$ 3,310,394**	$ 2,881,831	**14.87%**	$ 2,881,831	$ 3,076,805	-6.34%
Non-operating revenue (expenses):						
Net rental income	**$ 25,511**	$ 26,775	**-4.72%**	$ 26,775	$ 25,169	6.38%
Net investment income	**155,495**	159,979	**-2.80%**	159,979	222,008	-27.94%
Loss on equipment sale	**-**	(453)	**100.00%**	(453)	-	0.00%
Total non-operating revenue (expenses)	**$ 181,006**	$ 186,301	**-2.84%**	$ 186,301	$ 247,177	-24.63%

For the fiscal year ended March 31, 2026, the Board's overall operating costs increased by $428,000, or 14.87%. Exam expenses increased by $418,000 related to the increased sittings for the CPA exam. As candidates have become more familiar with the testing routines of the new CPA exam format, the Board has seen an influx in the number of applications and sittings for examination sections. There has also been greater interest in the profession as seen through increased enrollments in the university business schools. Depreciation costs increased by $41,000 related to increased costs related to the Board's licensing software and fixed asset additions. Other expenses were limited in their fluctuations as costs tracked similarly as to the prior year.

The Board incurred slightly lower non-operating revenue; however, the Board's non-operating revenue activity for the current year was similar to the prior year results.

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 Board. The Board saw a substantial increase in the number of examination sections taken by CPA exam candidates during the past year. The Board expects that trend to remain consistent for the near future. The number of candidates sitting for the CPA examination will be impacted by candidate pipeline issues such as a reduction in the number of students choosing to study accounting, those choosing to sit for the CPA exam, or those choosing alternate career paths than becoming a CPA. These changes bring uncertainties in the testing area and how it will impact candidate sitting patterns. The Board continues to see a steady pattern of candidates sitting for the CPA exam and licenses similar numbers of CPAs, helped by an influx of CPAs from other states applying for reciprocal licensure.

The Board derives 99% of its revenues from examination and licensing fees. Examination revenues increased during the current year and there was a slight increase in licensing fees. The Board anticipates candidate testing to stabilize during the current year as many candidates currently in the CPA exam process work to complete their requirements to become licensed as a CPA. Candidates are now familiar with the new CPA exam format that was implemented in January 2024 and have begun to test in a more consistent manner. The Board anticipates candidates will continue to work to complete their CPA testing process. At this time, the Board has not seen a significant drop in the number of candidates applying to sit for the CPA exam.

As such, the Board anticipates the number of examination sections to be taken by candidates to remain steady for the next fiscal year. Licensing fees should show a minor increase as the number of active licensees in North Carolina has increased; however, some of that increase is tempered by retirements and licensees being granted inactive status. 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

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Independent Auditor's Report

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

Opinion

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, 2026 and 2025, 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.

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, 2026 and 2025, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the North Carolina State Board of Certified Public Accountant Examiners and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the North Carolina State Board of Certified Public Accountant Examiner's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters we identified during the audit.

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, 2026 and 2025, 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 – 6, 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 25, are presented for purposes of additional analysis and are 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.

Greensboro, North Carolina
July 20, 2026

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
Statements of Net Position
March 31, 2026 and 2025

	2026	2025
ASSETS:		
Current assets:		
Cash	**$ 1,518,241**	$ 1,549,408
Short-term investments	**451,184**	789,180
Accounts receivable	**1,635**	832
Interest receivable	**6,356**	4,086
Prepaids	**33,775**	23,963
Lease receivable (Note 9)	**51,881**	50,350
Total current assets	**2,063,072**	2,417,819
Noncurrent assets:		
Investments	**2,412,813**	1,692,109
Lease receivable (Note 9)	**57,987**	109,868
Capital assets, non-depreciable (Note 4)	**300,000**	300,000
Capital assets, depreciable, net (Note 4)	**561,892**	683,571
Total noncurrent assets	**3,332,692**	2,785,548
Total assets	**5,395,764**	5,203,367
LIABILITIES:		
Current liabilities:		
Accounts payable	**19,606**	25,218
Due to examination vendors	**350,022**	227,429
Subscription software payable (Note 8)	**-**	122,513
Unearned revenue	**-**	780
Compensated absences - current portion (Note 5)	**42,054**	48,461
Total current liabilities	**411,682**	424,401
Noncurrent liabilities:		
Compensated absences (Note 5)	**107,924**	93,478
Total noncurrent liabilities	**107,924**	93,478
Total liabilities	**519,606**	517,879
DEFERRED INFLOWS OF RESOURCES:		
Deferred lease receipts (Note 9)	**109,868**	160,218
NET POSITION:		
Net investment in capital assets	**861,892**	861,058
Unrestricted	**3,904,398**	3,664,212
Total net position	**$ 4,766,290**	$ 4,525,270

See Notes to Financial Statements

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended March 31, 2026 and 2025

	2026	2025
Operating revenues:		
Examination fees	**$ 1,816,394**	$ 1,487,385
Licensing fees	**1,531,235**	1,512,661
Miscellaneous	**22,779**	14,310
Total operating revenues	**3,370,408**	3,014,356
Operating expenses:		
Salaries and employee benefits	**1,288,646**	1,290,569
Examination	**1,370,685**	953,468
Office expenses	**136,300**	127,611
Postage and printing	**42,355**	28,457
Travel	**84,591**	101,203
Maintenance and computer support	**43,172**	76,572
Depreciation and SBITA Amortization	**190,020**	149,503
Legal and investigative costs	**68,142**	68,284
Insurance	**25,676**	23,735
Dues and subscriptions	**17,003**	22,040
Building	**43,804**	40,389
Total operating expenses	**3,310,394**	2,881,831
Operating income	**60,014**	132,525
Non-operating revenues (expenses):		
Net investment income	**155,495**	159,979
Rental income	**50,350**	50,362
Rental building expenses	**(24,839)**	(23,587)
Loss on the sale of equipment	**-**	(453)
Total non-operating revenues	**181,006**	186,301
Changes in net position	**241,020**	318,826
Net position - beginning of year	**4,525,270**	4,206,444
Net position - end of year	**$ 4,766,290**	$ 4,525,270

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
Statements of Cash Flows
Years Ended March 31, 2026 and 2025

	2026	2025
Cash flows from operating activities:		
Cash received from fees	**$ 3,346,849**	$ 3,000,825
Cash received from other sources	**22,779**	14,310
Cash payments to employees for services	**(1,280,607)**	(1,286,685)
Cash payments to suppliers for goods and services	**(1,564,725)**	(1,375,428)
Cash payments for other expenses	**(164,437)**	(154,691)
Net cash provided by operating activities	**359,859**	198,331
Cash flows from capital and related financing activities:		
Acquisition of capital assets	**(72,517)**	(11,586)
Proceeds from rental	**50,350**	50,362
SBITA principal payments	**(122,513)**	(82,315)
SBITA interest payments	**(5,086)**	(6,930)
Net cash used in capital and related financing activities	**(149,766)**	(50,469)
Cash flows from investing activities:		
Proceeds from maturing investments	**1,250,098**	786,620
Purchases of investments	**(1,636,421)**	(1,121,387)
Other non-operating expenses	**(16,788)**	(15,990)
Investment income, net	**161,851**	164,065
Net cash used in investing activities	**(241,260)**	(186,692)
Decrease in cash	**(31,167)**	(38,830)
Cash - beginning of year	**1,549,408**	1,588,238
Cash - end of year	**$ 1,518,241**	$ 1,549,408
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	**$ 60,014**	$ 132,525
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and SBITA amortization	**190,020**	149,503
Changes in assets and liabilities:		
Accounts receivable	**(802)**	970
Interest receivable	**(2,270)**	(781)
Prepaids	**(9,812)**	(243)
Lease receivable	**(1,531)**	12
Accounts payable	**(5,612)**	(72,609)
Unearned revenue	**(780)**	780
Due to examination vendors	**122,593**	(15,711)
Compensated absences	**8,039**	3,885
Total adjustments	**299,845**	65,806
Net cash provided by operating activities	**$ 359,859**	$ 198,331

See 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 who 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, to 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 23,006 and 22,743 licensees as of March 31, 2026 and 2025, 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 (U.S. GAAP), the financial reporting entity includes both the primary government and all of its component units. An organization other than a primary government serves as a nucleus for a reporting entity when it issues separate financial statements. The accompanying financial statements present all funds and activities for which the Board is responsible.

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

Basis of Presentation

The accompanying 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.

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.

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

Basis of Accounting (Continued)

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 and expenses 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 licensing 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 financial institutions.

Investments

This classification includes non-negotiable certificates of deposit with original maturities of more than three months as well as deposits held by the Board in investment portfolios maintained by investment advisors and consists of cash sweep accounts, Treasury notes, stocks, fixed income securities, and mutual funds. Investments are reported at fair value. Investments may experience significant increases and decreases in fair value.

Accounts Receivables

Accounts receivable consist of amounts due from vendors or 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 $5,000 or greater at the date of acquisition and an expected useful life in excess of two years. Depreciation is computed using the straight-line method over the following estimated useful lives:

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

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

The Board permits employees to accumulate vacation and sick leave. Employees are permitted to accumulate earned, but unused vacation pay benefits, and all vacation pay is accrued when incurred. The Board's sick leave policy provides for an unlimited accumulation of earned sick leave; however, the Board has no obligation to pay sick leave upon employee termination or retirement. 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 greater than the allowed maximum accumulation as of March 31 is converted to sick leave.

A liability for compensated absences is recognized for both vacation and sick leave that is more likely than not to be used or paid out. This is determined based on historical usage patterns and the Board's policies regarding leave. The Board uses a last in, first out (LIFO) flow assumption to determine the order in which leave is used or paid out. The liability for compensated absences is measured by multiplying the total hours of accrued leave by the applicable pay rate as of the end of the reporting period.

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.

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

Litigation	$1,000,000
Operating expenses	300,000
Capital asset acquisitions and/or improvements	100,000
	$1,400,000

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

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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.

Reclassification

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

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 investment accounts. On March 31, 2026, deposits in private financial institutions, with a carrying value of $4,536,414 and a bank balance of $4,382,238, consists of cash and investments, as shown on the Statements of Net Position.

Custodial credit risk is the risk that in the event of a bank failure, the Board's deposits may not be returned. 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. Also, the Board maintains funds in a Certificate of Deposit Account Registry Service (CDARS) account to help address custodial credit risk. With a CDARS account, investments are broken down and placed across a network of more than 3,000 banks and savings associations around the United States. This allows depositors to deal with a single bank that participates in CDARS but avoids having funds above the FDIC deposit insurance limits for any one bank.

The Board's deposits with investment institutions are insured by the Securities Investor Protection Corporation (SIPC), a nonprofit member corporation funded by its member securities broker-dealers. The SIPC insures against the loss or theft of securities as well as the failure or insolvency of the brokerage firm. The Board's bank deposits in excess of the FDIC and SIPC insured limits totaled $1,912,813 at March 31, 2026.

The types of investments available to the Board are identified in North Carolina General Statutes 147-69.2 and 147-69.3. The Board has a formal investment policy 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 in accordance with statutory requirements.

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.

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

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. On March 31, 2026, the Board's money market funds were unrated and the Board's bond portfolio had the following credit ratings as rated by Moody's Investors Service:

Credit Rating	Amount
AAA	$ 43,237
AA	273,323
A	64,202
BAA	225,531
BA	70,867
B	7,041

Investments are presented at fair value based on the market prices on March 31, 2026.

The Board's investment policy provides for an equity allocation range from 30% to 50% and the fixed income allocation can range from 50% to 70%, with target allocations established as 55%-65% for fixed income and 35%-45% for equities.

The maturities of the Board's fixed income investments on March 31, 2026, were as follows:

	Amount
0 - 5 years	$ 219,570
6 - 10 years	110,807
11 -15 years	41,205
16 - 20 years	50,917
21 - 30 years	234,946
Over 30 years	26,756
Total	$ 684,201

NOTE 3 - FAIR VALUE INVESTMENTS

Fair value, as defined under U.S. GAAP, is an exit price representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

Level 1: Observable inputs such as quoted prices in active markets.

Level 2: Inputs other than quoted prices in active markets that are either directly or indirectly observable.

Level 3: Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

NOTE 3 - FAIR VALUE INVESTMENTS (Continued)

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Board's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

The following tables set forth by level the fair value hierarchy of the Board's financial assets accounted for at fair value on a recurring basis as of March 31, 2026 and 2025:

	Total Fair Value 2026	Level 1	Level 2	Level 3
Corporate bonds	$ 355,310	$ -	$ 355,310	$ -
Government bonds	71,376	71,376	-	-
Government backed securities	184,331	-	184,331	-
Corporate Mortgage Backed Securities	36,641	-	36,641	-
Municipal bonds	20,984	-	20,984	-
Foreign bonds	15,558	-	15,558	-
Equities	975,893	975,893	-	-
Mutual funds	707,058	-	707,058	-
US treasury notes	451,184	451,184	-	-
Total deposits and investments	$2,818,335	$1,498,453	$1,319,882	$ -

The investment balances on the Statement of Net Position include cash balances held temporarily in the investment portfolio until reinvestment and therefore are not included in the fair value hierarchy above in the amount of $45,662 as of March 31, 2026.

	Total Fair Value 2025	Level 1	Level 2	Level 3
Corporate bonds	$ 212,734	$ -	$ 212,734	$ -
Government bonds	60,148	60,148	-	-
Government backed securities	152,711	-	152,711	-
Corporate Mortgage Backed Securities	23,175	-	23,175	-
Municipal bonds	19,245	-	19,245	-
Foreign bonds	9,808	-	9,808	-
Equities	689,867	689,867	-	-
Mutual funds	491,855	-	491,855	-
US treasury notes	431,683	431,683	-	-
Negotiable certificates of deposit	354,651	-	354,651	-
Total deposits and investments	$2,445,877	$1,181,698	$1,264,179	$ -

The investment balances on the Statement of Net Position include cash balances held temporarily in the investment portfolio until reinvestment and therefore are not included in the fair value hierarchy above in the amount of $35,412 as of March 31, 2025.

NOTE 4 - CAPITAL ASSETS

A summary of changes in the capital assets for the year ended March 31, 2026, is presented as follows:

	Balance April 1, 2025	Additions	Deletions	Balance March 31, 2026
Capital assets, non-depreciable:				
Land and improvements	$ 300,000	$ -	$ -	$ 300,000
Capital assets, amortizable/depreciable:				
Building and improvements	1,149,655	-	-	1,149,655
Furniture	61,443	-	-	61,443
Equipment	133,279	5,762	(15,455)	123,586
Software	180,337	66,755	-	247,092
Subscription Software	122,513	-	(122,513)	-
Total capital assets, amortizable/depreciable:	1,647,227	72,517	(137,968)	1,581,776
Less accumulated amortization/depreciation:				
Building and improvements	(676,398)	(42,500)	-	(718,898)
Furniture	(25,332)	(7,222)	-	(32,554)
Equipment	(81,591)	(19,848)	15,455	(85,984)
Software	(180,335)	(2,113)	-	(182,448)
Subscription Software Amortization	-	(122,513)	122,513	-
	(963,656)	(194,196)	137,968	(1,019,884)
Total capital assets, amortizable/depreciable, net:	683,571	(121,679)	-	561,892
Capital assets, net	$ 983,571	$ (121,679)	$ -	$ 861,892

Depreciation charged to operations and non-operating expenses for the year ended March 31, 2026 was $63,632 and $8,051, respectively.

NOTE 4 - CAPITAL ASSETS (Continued)

A summary of changes in the capital assets for the year ended March 31, 2025, is presented as follows:

	Balance April 1, 2024	Additions	Deletions	Balance March 31, 2025
Capital assets, non-depreciable:				
Land and improvements	$ 300,000	$ -	$ -	$ 300,000
Capital assets, amortizable/depreciable:				
Building and improvements	1,149,655	-	-	1,149,655
Furniture	61,443	-	-	61,443
Equipment	139,295	11,586	(17,602)	133,279
Software	180,337	-	-	180,337
Subscription Software	279,684	122,513	(279,684)	122,513
Total capital assets, amortizable/depreciable:	1,810,414	134,099	(297,286)	1,647,227
Less accumulated amortization/depreciation:				
Building and improvements	(633,898)	(42,500)	-	(676,398)
Furniture	(18,108)	(7,224)	-	(25,332)
Equipment	(79,970)	(18,586)	16,965	(81,591)
Software	(180,335)	-	-	(180,335)
Subscription Software Amortization	(197,369)	(82,315)	279,684	-
	(1,109,680)	(150,625)	296,649	(963,656)
Total capital assets, amortizable/depreciable, net:	700,734	(16,526)	(637)	683,571
Capital assets, net	$1,000,734	$ (16,526)	$ (637)	$ 983,571

Depreciation charged to operations and non-operating expenses for the year ended March 31, 2025 was $60,259 and $8,050, respectively.

NOTE 5 - NON-CURRENT LIABILITIES

A summary of changes in non-current liabilities for the year ended March 31, 2026, is presented as follows:

	Balance April 1, 2025	Additions	Deletions	Balance March 31, 2026	Current Portion
Compensated absences	$ 141,939	$ 149,089	$ 141,050	$ 149,978	$ 42,054
Subscription liabilities	122,513	-	122,513	-	-
	$ 264,452	$ 149,089	$ 263,563	$ 149,978	$ 42,054

NOTE 5 - NON-CURRENT LIABILITIES (Continued)

A summary of changes in non-current liabilities for the year ended March 31, 2025, is presented as follows:

	Balance April 1, 2024	Additions	Deletions	Balance March 31, 2025	Current Portion
Compensated absences	$ 138,054	$ 141,089	$ 137,204	$ 141,939	$ 48,461
Subscription liabilities	82,315	122,513	82,315	122,513	122,513
	$ 220,369	$ 263,602	$ 219,519	$ 264,452	$ 170,974

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) for eligible employees. The Employer, defined as the eight participating licensing boards, is empowered to appoint and remove the Trustee and Administrator. The Plan is administered by Empower. Employees are eligible to participate in the Plan immediately upon employment. For each year of service, employer contributions and the applicable earnings vest 20% per year. A 6% contribution, based on eligible employee compensation, is made monthly by both the Board and the employee to the individual employee accounts. Employees are permitted to make additional voluntary contributions to the Plan up to the applicable Internal Revenue Code limits. Employee contributions and the applicable earnings on those contributions vest immediately. Nonvested Board contributions and the applicable earnings are forfeited upon termination from employment to the applicable participating occupational licensing board. Administrative expenses are paid by the participating occupational licensing boards in accordance with the boards' percentage of plan assets.

Board pension costs including administrative fees, totaled $64,825 and $63,233 for fiscal years 2026 and 2025, respectively. Employee contributions totaled $70,517 and $74,828 for fiscal years 2026 and 2025, respectively. Forfeitures are used to reduce employer contributions. For fiscal years 2026 and 2025, employer contributions were reduced by $0 and $0, respectively, by forfeited nonvested accounts.

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.

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.

NOTE 7 - RISK MANAGEMENT (Continued)

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.

Cyber Risk Insurance - The Board is protected for losses due to risks associated with e-business, the Internet, networks, and informational assets with 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. 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 - SOFTWARE LICENSING AGREEMENT

The Board has a right-to-use subscription related to the Board's licensing software subscription. Per GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements* (SBITAs). A SBITA is defined as a contract that conveys control of the right to use another party's information technology software for a period of time in an exchange-like transaction. The Board is party to a SBITA with a third-party vendor for its licensing software.

The Board's subscription licensing agreements were evaluated and determined not to meet the requirements of GASB No. 96. Accordingly, subscription payments are recognized as expense as incurred over the term of the agreements.

NOTE 9 - LESSOR REVENUE

The Board accounts for its lessor activities per GASB No. 87 requirements. As such, the Board's lessor agreement with Allen & Pinnix, P.A. is recognized as a lease receivable and a deferred inflow of resources over the period of the lease.

The original lessor agreement was effective May 1, 2025. The lease agreement called for monthly payments of $4,415 to be paid in the first year with a three percent annual increase in the monthly payment amounts for the second and third years. A schedule of the remaining amounts of inflows or resources expected to be recognized under the lease agreement are as follows:

2027	$ 51,881
2028	53,460
2029	4,527
Total	$ 109,868

NOTE 10 - CHANGES IN FINANCIAL ACCOUNTING AND REPORTING

For the fiscal year ended March 31, 2026, the Board implemented the following pronouncement issued by the Governmental Accounting Standards Board (GASB):

GASB Statement No. 105, Subsequent Events. The primary objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users.

This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature.

This Statement also requires the date through which subsequent events have been evaluated to be disclosed. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events.

NOTE 11 - EDUCATIONAL AWARD PROGRAMS

The North Carolina General Statute 93B-11 allows occupational licensing boards to use the interest earned on its funds for educational purposes to benefit licensees or the public. The Board provides these services through a Uniform CPA Examination voucher program.

The Board awards a voucher, available to students graduating with an undergraduate degree in accounting, to each of the North Carolina colleges and universities which grant undergraduate and master's accounting degrees. Additional vouchers are awarded at each of North Carolina’s historically minority-serving institutions (HMSIs). The voucher provides candidates with a timeframe from the date of issue to sit for all four parts of the Uniform CPA Examination.

The voucher covers the student’s initial exam application fee, re-exam application fees, and the cost of sitting for each section of the Uniform CPA Examination. The current maximum value of each voucher is $1,529. The Board accounts for the voucher program by netting the costs associated with the actual redeemed voucher against its examination fee revenues. The cost of the voucher program totaled $41,957 and $36,898 for fiscal years 2026 and 2025, respectively.

The costs for the educational awards program include the use of interest earned on the Board's funds during the year.

NOTE 12 - COMMITMENTS

The Board has outstanding commitments on a software implementation project totaling $20,752 as of March 31, 2026.

NOTE 13 - SUBSEQUENT EVENTS

The management of the Board evaluated subsequent events through July 20, 2026, 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 90 hours at a cost of $18,500.

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, 2026 and 2025

	2026			2025		
	(Unaudited) Budget	Actual	Over (under) Budget	(Unaudited) Budget	Actual	Over (under) Budget
Operating revenues:						
Examination fees	**$ 1,421,125**	**$ 1,816,394**	**$ 395,269**	$ 1,317,875	$ 1,487,385	$ 169,510
Licensing fees	**1,519,500**	**1,531,235**	**11,735**	1,523,200	1,512,661	(10,539)
Miscellaneous	**11,000**	**22,779**	**11,779**	11,000	14,310	3,310
Total operating revenues	**2,951,625**	**3,370,408**	**418,783**	2,852,075	3,014,356	162,281
Operating expenses:						
Salaries and employee benefits	**1,368,800**	**1,288,646**	**(80,154)**	1,355,200	1,290,569	(64,631)
Examination	**1,025,000**	**1,370,685**	**345,685**	925,000	953,468	28,468
Office	**132,450**	**136,300**	**3,850**	129,950	127,611	(2,339)
Postage and printing	**34,600**	**42,355**	**7,755**	45,500	28,457	(17,043)
Travel	**112,930**	**84,591**	**(28,339)**	110,955	101,203	(9,752)
Maintenance and computer support	**51,300**	**43,172**	**(8,128)**	66,000	76,572	10,572
Legal and investigative costs	**75,500**	**68,142**	**(7,358)**	77,500	68,284	(9,216)
Insurance	**27,000**	**25,676**	**(1,324)**	27,000	23,735	(3,265)
Dues and subscriptions	**23,000**	**17,003**	**(5,997)**	20,000	22,040	2,040
Building	**60,000**	**43,804**	**(16,196)**	55,200	40,389	(14,811)
Depreciation	**187,300**	**190,020**	**2,720**	165,000	149,503	(15,497)
Total operating expenses	**3,097,880**	**3,310,394**	**212,514**	2,977,305	2,881,831	(95,474)
Operating income (loss)	**(146,255)**	**60,014**	**206,269**	(125,230)	132,525	257,755
Non-operating revenues	**113,350**	**181,006**	**67,656**	119,440	186,301	66,861
Changes in net position	**(32,905)**	**241,020**	**273,925**	(5,790)	318,826	324,616
Net position - beginning of year	**4,525,270**	**4,525,270**	**-**	4,206,444	4,206,444	-
Net position - end of year	**$ 4,492,365**	**$ 4,766,290**	**$ 273,925**	$ 4,200,654	$ 4,525,270	$ 324,616

Budgetary Information

Annual budgets are adopted by the Board and prepared and reported on the accrual basis of accounting. The budgets prepared for the fiscal years ended March 31, 2026 and 2025 identify 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.