

FINANCIAL STATEMENTS  
NORTH DAKOTA STATE BOARD OF  
ADDICTION COUNSELING EXAMINERS  
For the Years Ended  
June 30, 2015 and 2014

NORTH DAKOTA STATE BOARD OF  
ADDICTION COUNSELING EXAMINERS  
June 30, 2015 and 2014

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*Yvonne M. Kubis*  
*Certified*  
*Public Accountant*

INDEPENDENT AUDITOR'S REPORT

North Dakota Board of  
Addiction Counseling Examiners  
505 Kansas City Street  
Rapid City, SD 57701

I have audited the accompanying fund financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Dakota Board of Addiction Counseling Examiners, as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

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 of financial statements that are free from material misstatement, whether due to fraud or error.

My responsibility is to express opinions on these statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

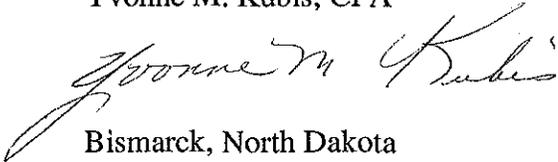
In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Dakota Board of



Addiction Counseling Examiners as of June 30, 2015 and 2014, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 9 and on pages 24 and 25 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 consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standard 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I did not express opinions or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express opinions or provide any assurance.

Yvonne M. Kubis, CPA

A handwritten signature in cursive script that reads "Yvonne M. Kubis". The signature is written in dark ink and is positioned to the left of the typed name and date.

Bismarck, North Dakota  
December 31, 2015

## **Management's Discussion and Analysis**

As management of the North Dakota State Board of Addiction Counseling Examiners, we offer the readers of the North Dakota State Board of Addiction Counseling Examiners' financial statements this narrative overview and analysis of their financial activities for the North Dakota State Board of Addiction Counseling Examiners for the years ended June 30, 2015 and 2014. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the North Dakota State Board of Addiction Counseling Examiners' financial statements, which follow this narrative.

### **Financial Highlights**

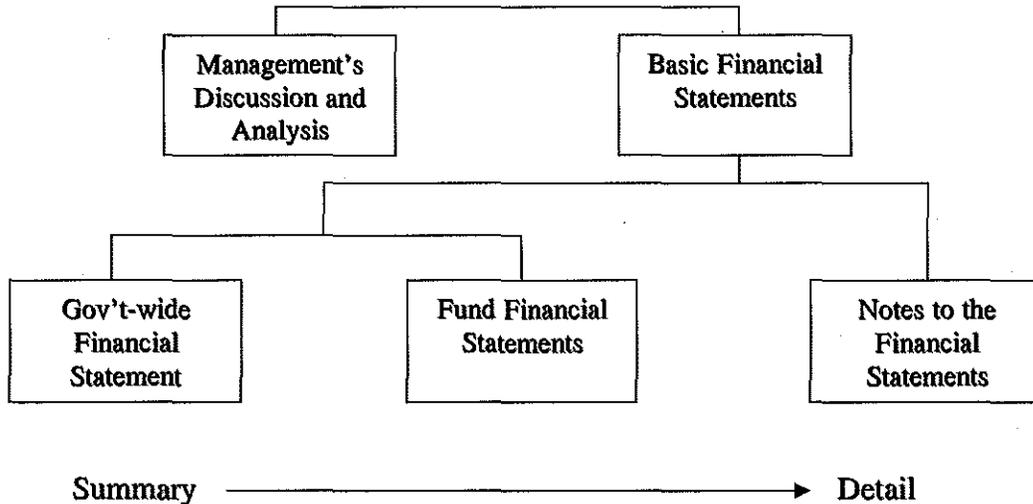
- The assets of the North Dakota State Board of Addiction Counseling Examiners exceeded its liabilities at the close of the fiscal years of 2015 and 2014 by \$5,457 and \$1,923 respectively.
- The governmental Board's total net assets increased by \$3,534 in 2015 and decreased by \$10,880 in 2014, primarily due to variances in the governmental type activities net assets.
- As of the close of the fiscal year 2015, the North Dakota State Board of Addiction Counseling Examiners' governmental funds reported combined ending fund balances of \$5,457 an increase of \$3,534 in comparison with the prior year. As of the close of the fiscal year 2014 the governmental funds reported combined ending fund balance of \$1,923 a decrease of \$10,880 in comparison with the prior year. Approximately 15 percent of the total fund balances of \$5,457 for 2015 and approximately 0 percent of \$1,923 for 2014 were available for spending at the Board's discretion at the end of each fiscal year.
- At the end of the fiscal years 2015 and 2014 the unreserved fund balances for the General Fund were \$5,457 and \$1,923 respectively, or 5.02 percent of the total expenditures for the fiscal years.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to The North Dakota State Board of Addition Counseling Examiners' basic financial statements. The Board's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the Board through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the North Dakota State Board of Addiction Counseling Examiners.

Management Discussion and Analysis  
ND State Board of Addiction Counseling Examiners  
Required Components of Annual Financial Report

**Figure 1**



### **Basic Financial Statements**

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Board's financial status

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Board's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Board's individual funds. Budgetary information can be found in this part of the statements.

### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the Board's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Board's financial status as a whole.

The two government-wide statements report the Board's net assets and how they have changed. Net assets are the difference between the Board's total assets and total liabilities. Measuring net assets is one way to gauge the Board's financial condition.

The governmental activities include most of the Board's basic services such as public safety and general administration. Licence renewals and fees finance most to these activities.

### **Fund Financial Statements**

The fund financial statements provide a more detailed look at the Board's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The North Dakota State Board of Addiction Counseling Examiners, like all other government entities in North Dakota, uses fund accounting to ensure and reflect compliance, or non-compliance, with finance-related legal requirements, such as the General Statutes or the Board's budget ordinance. All of the funds of North Dakota State Board of Addiction Counseling Examiners are categorized under governmental funds.

**Governmental Funds** - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Board's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The North Dakota State Board of Addiction Counseling Examiners adopts a biennial budget for its General Fund, as required by the Board. The budget is a document that incorporates input from the Board, the management of the Board, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Board to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Board complied with the budget and whether or not the Board succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General

Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 17-23 of this report.

**Government-Wide Financial Analysis**

**The North Dakota State Board of Addiction Counseling Examiners'  
Net Assets**

**Figure 2**

	<b>Governmental Activities 2015</b>	<b>Governmental Activities 2014</b>
Current assets	\$ 17,416	\$ 53,752
Capital assets, net	-	
Total assets	17,416	53,752
Current liabilities	11,959	51,829
Total liabilities	11,959	51,829
Net assets		
Invested in capital assets, net of related debt	-	-
Restricted for other purposes	-	-
Unrestricted	<u>5,457</u>	<u>1,923</u>
Total net assets	<u>\$ 17,416</u>	<u>\$ 53,752</u>

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the North Dakota State Board of Addiction Counseling Examiners exceeded liabilities by \$5,457 as of June 30, 2015 and by \$1,923 as of June 30, 2014. The Board's net assets increased by \$3,534 for the fiscal year ended June 30, 2015 and decreased by \$10,880 as of June 30, 2014. The North Dakota State Board of Addiction Counseling Examiners uses these capital assets to provide services to the Board; consequently, these assets are not available for future spending.

Revenues have increased minimally and expenditures have remained the same in comparison with prior years.

**North Dakota State Board of Addiction Counseling Examiners'**  
**Changes in Net Assets**  
**Figure 3**

	<b>Governmental Activities 2015</b>	<b>Governmental Activities 2014</b>
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 0	\$ 0
<b>General revenues:</b>		
Licenses and fees	56,792	37,994
Late fees	0	3,800
Unrestricted investment earnings	18	21
Miscellaneous	<u>1,000</u>	<u>240</u>
Total revenues	57,810	42,055
<b>Expenses</b>		
General government	<u>54,276</u>	<u>52,935</u>
Total expenses		
Decrease in net assets	\$ 3,534	(10,880)
Net assets - Beginning	1,923	12,803
Net assets - Ending	\$ 5,457	\$ 1,923

**Governmental activities.** Governmental activities increased the Board's net assets by \$3,534 in 2015 and decreased the net assets by \$10,880 in 2014.

Revenues have increased minimally and expenditures have remained the same in comparison with prior years.

**Financial Analysis of the Board's Funds**

As noted earlier, the North Dakota State Board of Addiction Counseling examiners uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the North Dakota State Board of Addiction Counseling Examiners' governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the North Dakota State Board of Addiction Counseling Examiners' financing requirements. Specifically, unreserved

fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the North Dakota State Board of Addiction Counseling Examiners. The unreserved fund balance of the General Fund and the related total fund balance for fiscal years 2015 and 2014 were \$5,457 with a total of \$5,457 and \$1,923 with a total of \$1,923 respectively. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balances and total fund balances to total fund expenditures. Unreserved fund balances represented about 5.02 percent of total General Fund expenditures for both years.

At June 30, 2015 the governmental funds of the North Dakota State Board of Addiction Counseling Examiners reported a fund balance of \$5,457 which was a 35 percent increase from the prior year and at June 30, 2014 a fund balance of \$1,923 which was a 78 percent decrease from 2013.

### **General Fund Budgetary Highlights**

At June 30, 2015, revenues were greater than budgeted amounts due to under budgeting. Expenditures were in line with the budgeted amounts with management costs being lower than anticipated and legal fees being more.

### **Capital Asset and Debt Administration**

**Capital assets.** As of June 30, 2015 the North Dakota State Board of Addiction Counseling Examiners had no investment in capital assets, net of accumulated depreciation, for its governmental activities. As of June 30, 2014 the North Dakota State Board of Addiction Counseling Examiners had no investment in capital assets, net of accumulated depreciation, for its governmental activities.

**North Dakota State Board of Addiction Counseling Examiners'**  
**Capital Assets**  
**(net of depreciation)**

**Figure 4**

	Governmental Activities <u>2015</u>	Governmental Activities <u>2014</u>
Office Furniture & Equipment	\$ -	\$ -
Total	\$ -	\$ -

Additional information on the Board's capital assets can be found in Note 1 of the Basic Financial Statements.

**Economic Factors and Next Year's Budgets and Rates**

The following key economic indicators reflect the growth and prosperity of the Board.

Revenue and expensed have stabilized.

**Budget Highlights for the Fiscal Year Ending June 30, 2017**

**Governmental Activities:** The budget for the two year period ending June 30, 2017 is not finalized to date.

**Requests for Information**

This report is designed to provide an overview of the Board's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Project Soutions, 505 Kansas City Street, Rapid City, SD 57701, 701-255-1439.

North Dakota State Board of Addiction Counseling Examiners  
 Statements of Net Assets  
 June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>Assets:</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 16,354	\$ 53,752
Accounts Receivable	1,062	0
Prepaid Expenditures	<u>0</u>	<u>0</u>
<b>Total Current Assets</b>	<b><u>\$ 17,416</u></b>	<b><u>\$ 53,752</u></b>
 <b>Noncurrent Assets:</b>		
Depreciable Property and Equipment, Net	<u>0</u>	<u>0</u>
<b>Total Assets</b>	<b><u>\$ 17,416</u></b>	<b><u>\$ 53,752</u></b>
 <b>Liabilities:</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 4,614	\$ 3,657
Deferred Revenue	<u>7,345</u>	<u>48,172</u>
<b>Total Current Liabilities</b>	<b><u>\$ 11,959</u></b>	<b><u>\$ 51,829</u></b>
 <b>Net Assets:</b>		
Invested in Capital Assets, Net of Related Debt	\$ 0	\$ 0
Restricted for Other Purposes	0	0
Unrestricted	<u>5,457</u>	<u>1,923</u>
<b>Total Net Assets</b>	<b><u>\$ 17,416</u></b>	<b><u>\$ 53,752</u></b>

The accompanying notes are an integral part of these financial statements.

North Dakota State Board of Addiction Counseling Examiners  
Statement of Activities  
For the Year Ended June 30, 2015

Functions/ Programs	Expenses	Program Revenues		Net (Expenses) and Change in Net Assets Primary Government Governmental Activities
		Charges for Services	Operating Grants and Contributions	
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General Government	\$ 54,276	\$ 0	\$ 0	\$ (54,276)
<b>Total Primary Government</b>	<u>\$ 54,276</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (54,276)</u>
 <b>General Revenues:</b>				
Licenses and Fees				\$ 56,792
Late Fees				0
Miscellaneous				1,000
Unrestricted Investment Earnings				<u>18</u>
<b>Total General Revenues</b>				<u>\$ 57,810</u>
 Changes in Net Assets				 \$ 3,534
 Net Assets – Beginning				 <u>\$ 1,923</u>
 Net Assets – Ending				 <u>\$ 5,457</u>

The accompanying notes are an integral part of these financial statements.

North Dakota State Board of Addiction Counseling Examiners  
Statement of Activities  
For the Year Ended June 30, 2014

Functions/ Programs	Expenses	Program Revenues		Net (Expenses) and Change in Net Assets Primary Governmental <u>Activities</u>
Primary Government:		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ 52,935	\$ 0	\$ 0	\$ (52,935)
Total Primary Government	<u>\$ 52,935</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (52,935)</u>
General Revenues:				
Licenses and Fees				\$ 37,994
Late Fees				3,800
Miscellaneous				240
Unrestricted Investment Earnings				<u>21</u>
Total General Revenues				<u>\$ 42,055</u>
Changes in Net Assets				\$ ( 10,880)
Net Assets – Beginning				<u>12,803</u>
Net Assets – Ending				<u>\$ 1,923</u>

The accompanying notes are an integral part of these financial statements.

North Dakota State Board of Addiction Counseling Examiners  
 Balance Sheets - Governmental Funds  
 June 30, 2015 and 2014

	<u>2015</u> <u>General</u>	<u>2014</u> <u>General</u>
<b>Assets:</b>		
Cash and Cash Equivalents	\$ 16,354	\$ 53,752
Accounts Receivable	<u>1,062</u>	<u>0</u>
 Total Assets	 <u>\$ 17,416</u>	 <u>\$ 53,752</u>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 4,614	\$ 3,657
Deferred Revenues	<u>7,345</u>	<u>48,172</u>
 Total Liabilities	 <u>\$ 11,959</u>	 <u>\$ 51,829</u>
 <b>Fund Balances:</b>		
Reserved for:		
Prepaid Expenditures	\$ 0	\$ 0
Unreserved and Undesignated:		
Reported in the General Fund	<u>5,457</u>	<u>1,923</u>
Total Fund Balances (Deficit)	<u>\$ 5,457</u>	<u>\$ 1,923</u>
 <b>Total Liabilities and Fund Balances</b>	 <u>\$ 17,416</u>	 <u>\$ 53,752</u>

The accompanying notes are an integral part of these financial statements.

North Dakota State Board of Addiction Counseling Examiners  
 Reconciliation of the Governmental Funds Balance Sheets  
 to the Statements of Net Assets  
 June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Total Governmental Fund Balances	\$ 5,457	\$ 1,923
 <b>Amounts Reported in governmental activities in the statement of net assets are different because:</b>		
Capital Assets used in the governmental activities are not financial resources and therefore are not reported in the funds.	2,477	2,477
Accumulated depreciation has not been included in the governmental fund financial statements.	<u>(2,477)</u>	<u>(2,477)</u>
Net Assets of Governmental Activities	<u>\$ 5,457</u>	<u>\$ 1,923</u>

The accompanying notes are an integral part of these financial statements.

North Dakota State Board of Addiction Counseling Examiners  
 Statements of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 For the Years Ended June 30, 2015 and 2014

	2015 <u>General</u>	2014 <u>General</u>
<b>Revenues:</b>		
Initial Licenses	\$ 6,930	\$ 5,176
Renewal Licences	42,638	26,262
Oral Examinations	0	0
Written Examinations	5,270	4,340
Private Practice Renewal	0	161
Private Practice Initial License	344	600
Late Fees	0	3,800
Labels	320	0
Continuing Education	800	1,000
Continuing Education Approval	490	455
Miscellaneous	1,000	240
Interest Income	<u>18</u>	<u>21</u>
Total Revenues	<u>\$ 57,810</u>	<u>\$ 42,055</u>
<b>Expenditures</b>		
Management	\$ 21,385	\$ 28,548
Audit	0	1,625
Travel/Board Meetings	4,748	4,620
Supplies	25	540
Examinations	2,990	4,025
Postage	1,029	1,510
Legal Services/Hearings	23,045	6,767
Telephone	203	1,204
Copy Expense	46	761
Printing	24	70
Miscellaneous	0	1,877
Paypal	105	0
Risk Management Insurance	526	526
Web Page	<u>150</u>	<u>862</u>
Total Expenditures	<u>\$ 54,276</u>	<u>\$ 52,935</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,534</u>	<u>( 10,880)</u>
Net Change in Fund Balances	3,534	( 10,880)
Fund Balances (Deficit) – Beginning	<u>\$ 1,923</u>	<u>\$ 12,803</u>
Fund Balances (Deficit) – Ending	<u>\$ 5,457</u>	<u>\$ 1,923</u>

The accompanying notes are an integral part of these financial statements.

**North Dakota State Board of Addiction Counseling Examiners**  
**Reconciliation of the Statements of Revenues, Expenditures and**  
**Changes in Fund Balances of Governmental Funds to the**  
**Statement of Activities**  
**For the Years Ended June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Net Change in Governmental Fund Balances	\$ 3,534	\$ ( 10,880)
 <b>Amounts Reported for the governmental activities in the statement of activities are different because:</b>		
 Depreciation is not recognized as an expense in governmental fund since it does not require the use of current financial resources. The effect of the current year's depreciation is to decrease net assets.		
	( 0 )	( 0 )
 <b>Change in Net Assets of Governmental Activities</b>	 \$ 3,534	 \$ ( 10,880)

The accompanying notes are an integral part of these financial statements.

North Dakota State Board of Addiction Counseling Examiners  
Notes To Financial Statements  
For the Years Ended June 30, 2015 and 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the North Dakota Board of Addiction Counseling Examiners have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

A: Nature of Operations

The North Dakota State Board of Addiction Counseling Examiners was established under Chapter 43-45 of the North Dakota Century Code and is charged with the responsibility of administering the licensing of addiction counselors.

B. Reporting Entity

The reporting entity of the North Dakota State Board of Addiction Counseling Examiners is determined in accordance with the criteria defined in GASB Statement No. 14, the Financial Reporting Entity.

As required by generally accepted accounting principles, these financial statements present the Board (the primary government). There were no component units.

C. Basis of Presentation and Basis of Accounting

Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the Board). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Board.

The accompanying notes are an integral part of these financial statements.

NORTH DAKOTA STATE BOARD OF ADDICTION COUNSELING EXAMINERS  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 2015 and 2014

NOTE 1:           SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES ( Cont.)

C. Basis of Presentation and Basis of Accounting (continued)

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Board and for each function of the Board's governmental activities

Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Indirect expenses - expenses of the general government related to the administration and support of the Board's programs, such as personnel and accounting - are allocated to programs based on their percentage of total primary government expenses.

Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Board's funds, including fiduciary funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds. The Board has the following major governmental funds:

. General fund. This is the Board's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Revenue from licenses and fees is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The accompanying notes are an integral part of these financial statements.

NORTH DAKOTA STATE BOARD OF ADDICTION COUNSELING EXAMINERS  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 2015 and 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. Basis of Presentation and Basis of Accounting (continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Board considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred.

General capital asset acquisitions are reported as expenditures in *governmental funds*. *Acquisitons under capital leases are reported as other financing sources*.

The Board has implemented GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments* and related standards. These new standards provide for significant changes in terminology and presentation and for the inclusion of Management's Discussion and Analysis as required supplementary information.

The government reports deferred revenues on its balance sheet. Deferred revenues arise when potential revenue meets both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

D. Budget

The Board is not required by North Dakota Law to adopt an annual budget for the General Fund. The budget is presented on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles ("GAAP"). All budget appropriations lapse at the biennial year end.

E. Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of the materials or services. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are reappropriated in the next year.

The accompanying notes are an integral part of these financial statements.

NORTH DAKOTA STATE BOARD OF ADDICTION COUNSELING EXAMINERS  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 2015 and 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, money market accounts and highly liquid investments with an original maturity of three months or less. Deposits must either be deposited with the Bank of North Dakota or in other financial institutions situated and doing business within the state. Deposits, other than with the Bank of North Dakota, must be fully insured or secured with pledges of securities equal to 110% of the uninsured balance.

State statutes authorize the board to invest in:

- (1.) Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, organizations created by an Act of Congress.
- (2.) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed above.
- (3.) Certificates of Deposit fully insured by the Federal Deposit Insurance Corporation or the state.
- (4.) Obligations of the state.

The investments of the board for the years ended June 30, 2013 and 2012 consisted of savings accounts stated at cost. For risk analysis purposes, the certificates of deposit are classified as deposits.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported

The accompanying notes are an integral part of these financial statements.

NORTH DAKOTA STATE BOARD OF ADDICTION COUNSELING EXAMINERS  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Years Ended June 30, 2015 and 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Capital Assets (continued)

at estimated fair value at the time received. The board does not possess any infrastructure. Capitalization policies (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are as follows.

	<u>Capitalization</u> <u>Policy</u>	<u>Depreciation</u> <u>Method</u>	<u>Estimated</u> <u>Useful Life</u>
Office Equipment	\$ 0	Straight-line	5-7 years

I. Revenue Recognition

Revenue is recorded for licenses, permits, exams, and other miscellaneous fees. Program revenues include income from exams and labels. Licenses and permits are issued for a calendar year. Revenue is recognized when earned. Deferred revenue represents 50% of revenue collected for the calendar year licenses and permits.

J. Net Assets

Net assets present the difference between assets and liabilities in the statement of net assets. Net assets invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by Board legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

NOTE 2: CASH AND INVESTMENTS

The following is a summary of the cash and investments as of June 30, 2015 and 2014:

	Balance <u>06/30/15</u>	Balance <u>06/30/14</u>
Bank of North Dakota – Checking	\$ 16,354	\$ 53,752
Capital Credit Union – Savings	<u>0</u>	<u>0</u>
	\$ 16,354	\$ 53,752

The accompanying notes are an integral part of these financial statements.

NORTH DAKOTA STATE BOARD OF ADDICTION COUNSELING EXAMINERS  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Years Ended June 30, 2015 and 2014

NOTE 2: CASH AND INVESTMENTS (continued)

The Board had three authorized depositories for its deposits and investments. North Dakota Statutes require the market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds. These funds are insured and collateralized as of June 30, 2015 and 2014 as follows:

<u>Depository</u>	<u>Funds on Deposit</u>	<u>Insured Funds</u>	<u>Collateralized Funds</u>	<u>Uninsured Funds</u>
<u>2015</u>				
Bank of ND	\$ 16,354	\$ 16,354	\$ 0	\$ 0
Capital Credit Union	\$ 0	\$ 0	\$ 0	\$ 0
<u>2014</u>				
Bank of ND	\$ 53,752	\$ 53,752	\$ 0	\$ 0
Capital Credit Union	\$ 0	\$ 0	\$ 0	\$ 0

Category 1 is defined as deposits which are insured or collateralized with securities held by the Board or by its agent in the Board's name.

Category 2 is defined as deposits which are collateralized with securities held by the pledging financial institution's trust department, or its agent, in the Board's name.

Category 3 is defined as deposits which are uninsured and uncollateralized.

Based on these three levels of risk, all of the Board's cash deposits are classified as Category 1.

NOTE 3: RISK MANAGEMENT

The Board is exposed to risks including, but not limited to, public liability. The Board has contracted with the State of North Dakota's Risk Management Fund to limit the Board's exposure to loss. No claims have been filed against the Board as of June 30, 2015 and 2014, nor have any payments been made on the Board's behalf by the Risk Management Fund.

The accompanying notes are an integral part of these financial statements.

NORTH DAKOTA STATE BOARD OF ADDICTION COUNSELING EXAMINERS  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Years Ended June 30, 2015 and 2014

NOTE 4: CAPITAL ASSETS AND ACCUMULATED DEPRECIATION

A summary of general fixed assets and accumulated depreciation for the years ended June 30, 2014 and 2015 is as follows:

	<u>Capital Assets</u>	<u>Accumulated Depreciation</u>
Balance, July 1, 2013	\$ 2,477	\$ 2,477
Additions	0	0
Deletions	<u>0</u>	<u>0</u>
Balance, July 1, 2014	\$ 2,477	\$ 2,477
Additions	0	0
Deletions	<u>0</u>	<u>0</u>
Balance, July 1, 2015	\$ 2,477	\$ 2,477

NOTE 5: SUBSEQUENT EVENTS

The company has evaluated subsequent events through December 31, 2015, the date which the financial statements were available to be issued.

**NORTH DAKOTA STATE BOARD OF ADDICTION COUNSELING EXAMINERS**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - General Fund**  
**For the Two Years Ended June 30, 2015**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Initial Licences	\$ 7,500	\$ 7,500	\$ 12,106	4,606
Renewal Licenses	50,000	50,000	68,900	18,900
Written Examintaions	7,000	7,000	9,610	2,610
Private Practice Renewal	0	0	161	161
Private Practice Initial Licence	500	500	944	444
Late Fees	1,200	1,200	3,800	2,600
Labels/Lists	100	100	320	220
Miscellaneous	100	100	1,240	1,140
Continuing Education	2,000	2,000	1,800	( 200)
Continuing Education/Approval	500	500	945	445
Interest Income	0	0	39	39
From Reserves	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 Total Revenues	 \$68,900	 \$68,900	 \$99,865	 \$30,965
 <b>Expenditures:</b>				
<b>General Government</b>				
Management	\$ 58,800	\$ 58,800	\$ 49,933	8,867
Audit	1,600	1,600	1,625	( 25)
Travel	9,000	9,000	9,368	( 368)
Supplies	850	850	565	285
Written Examinations	5,000	5,000	7,015	( 2,015)
Postage	2,500	2,500	2,539	( 39)
Legal Services/Hearings	20,000	20,000	29,812	( 9,812)
Telephone	2,500	2,500	1,407	1,093
Copy Expense	2,000	2,000	806	1,194
Printing	200	200	94	106
Miscellaneous	1,600	1,600	1,983	( 383)
Risk Management Insurance	1,800	1,800	1,051	749
Web Page	<u>2,000</u>	<u>2,000</u>	<u>1,012</u>	<u>988</u>
 Total Expenditures	 <u>\$107,850</u>	 <u>\$107,850</u>	 <u>\$107,210</u>	 <u>\$ 640</u>

The accompanying notes are an integral part of these financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual - General Fund  
 For the Two Years Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (38,950)</u>	<u>\$ (38,950)</u>	<u>\$ ( 7,345)</u>	<u>\$ 31,605</u>
Fund Balance Beginning of Year From Reserve	\$ 12,803 <u>0</u>	\$ 12,803 <u>0</u>	\$ 12,803 <u>0</u>	0 <u>0</u>
Fund Balance End of Year	<u>\$ (26,147)</u>	<u>\$ 26,147)</u>	<u>\$ 5,458</u>	<u>\$ 31,605</u>

The accompanying notes are an integral part of these financial statements.

*Yvonne M. Kubis*  
*Certified*  
*Public Accountant*

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

North Dakota Board of  
Addiction Counseling Examiners  
505 Kansas City Street  
Rapid City, SD 57701

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Dakota Board of Addiction Counseling Examiners, as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the North Dakota Board of Addiction Counseling Examiners' basic financial statements and have issued my report thereon dated December 31, 2015.

Internal Control Over Financial Reporting

In planning and performing my audits, I considered the North Dakota Board of Addiction Counseling Examiners' internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of North Dakota Board of Addiction Counseling Examiners' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that



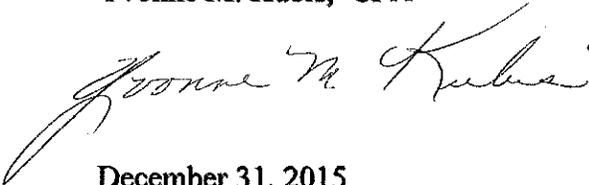
might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the North Dakota Board of Addiction Counseling Examiners' financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audits, and accordingly, I do not express such an opinion.

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

Yvonne M. Kubis, CPA

A handwritten signature in cursive script, appearing to read "Yvonne M. Kubis". The signature is written in dark ink and is positioned to the left of the date.

December 31, 2015

**NORTH DAKOTA STATE BOARD OF ADDICTION COUNSELING EXAMINERS**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2015 and 2014**

**05-01. Segregation of Duties**

**Condition**

The North Dakota State Board of Addiction Counseling Examiners has an internal control weakness due to limited staff. This limited staff usually delegates one person to collect monies, record receipts and disbursements in journals, maintain the general ledger, and prepare financial statements.

**Recommendation**

Due to the size of the Board, it is not feasible to obtain proper segregation of duties and no recommendation will be made.

**Client Response**

No response is considered necessary.