

FINANCIAL STATEMENTS
NORTH DAKOTA BOARD OF
SOCIAL WORK EXAMINERS
For the Years Ended
June 30, 2019 and 2018

NORTH DAKOTA BOARD OF
SOCIAL WORK EXAMINERS
Bismarck, North Dakota
June 30, 2019 and 2018

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NORTH DAKOTA BOARD OF SOCIAL WORK EXAMINERS

Board of Directors
June 30, 2019

Chairman	Heidi Nieuwsma
Vice Chair	Nichole Fontaine-Vonesh
Board Member	Allison Geroux
Board Member	Ramona Humann
Board Member	Laura Germann
Board Member	Rose-Anne Hovey

Yvonne M. Kubis
Certified
Public Accountant

INDEPENDENT AUDITOR'S REPORT

North Dakota State Board of Social Work Examiners
P. O. Box 914
Bismarck, North Dakota 58502

I have audited the accompanying financial statements of governmental activities, the business-type activities, and the remaining aggregate remaining fund information of the North Dakota State Board of Social Work Examiners, as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements of the North Dakota State Board of Social Work Examiners as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audits. I conducted my audits 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing opinions on the effectiveness of the entity's internal control. Accordingly, I express no such opinions. 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.

- 2 -



3824 PRAIRIE PINES LOOP
BISMARCK, NORTH DAKOTA 58503

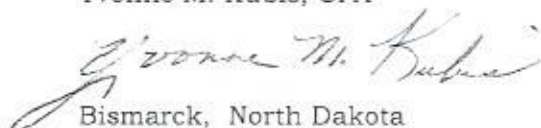
701-223-2929
Fax: 701-221-5882

In my opinions, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the aggregate remaining fund information of the North Dakota State Board of Social Work Examiners as of June 30, 2019 and 2018, and the respective changes in financial position and where applicable cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 10 and on pages 25 and 26 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audits of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Yvonne M. Kubis, CPA



Bismarck, North Dakota

December 30, 2019

Management's Discussion and Analysis

As management of the North Dakota Board of Social Work Examiners, we offer the readers of the North Dakota Board of Social Work Examiners' financial statements this narrative overview and analysis of their financial activities for the North Dakota Board of Social Work Examiners for the years ended June 30, 2019 and 2018. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the North Dakota Board of Social Work Examiners' financial statements, which follow this narrative.

Financial Highlights

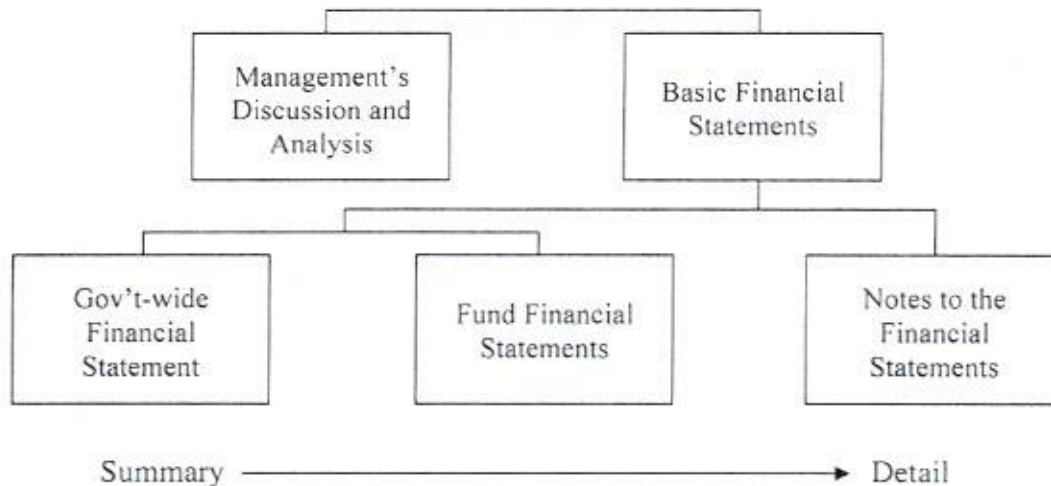
- The assets of the North Dakota Board of Social Work Examiners exceeded its liabilities at the close of the fiscal years of 2019 and 2018 by \$435,975 and \$408,465 respectively.
- The governmental Board's total net position increased by \$27,510 in 2019 and decreased by \$11,442 in 2018, primarily due to variances in the governmental type activities net position.
- As of the close of the fiscal year 2019, the North Dakota Board of Social Work Examiners' governmental funds reported combined ending fund balances of \$435,975 a increase of \$27,510 in comparison with the prior year. As of the close of the fiscal year 2018 the governmental funds reported combines ending fund balance of \$408,465 a decrease of \$11,442 in comparison with the prior year. Approximately 99 percent of the total fund balances of \$435,975 for 2019 and \$408,465 for 2018 were available for spending at the Board's discretion at the end of each fiscal year.
- At the end of the fiscal years 2019 and 2018 the unreserved fund balances for the General Fund were \$435, 449 and \$407,953 respectively, or 99 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 Board of Social Work 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 (see Figure 1). 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 Board of Social Work 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 position and how they have changed. Net position is the difference between the Board's total assets and total liabilities. Measuring net position 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 are most to these activities.

Fund Financial Statements

The fund financial statements (see Figure 2) 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 Board of Social Work 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 Board of Social Work 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 Position 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 Board of Social Work Examiners adopts a biannual 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 18-24 of this report.

Management Discussion and Analysis
North Dakota Board of Social Work Examiners

Government-Wide Financial Analysis

**The North Dakota Board of Social Work Examiners'
Net Position**

Figure 2

	Governmental Activities <u>2019</u>	Governmental Activities <u>2018</u>
Current Assets	\$ 457,177	\$ 531,295
Capital Assets, Net	<u>0</u>	<u>0</u>
Total Assets	457,177	531,295
Current Liabilities	<u>21,202</u>	<u>122,830</u>
Total Liabilities	21,202	122,830
Net Position		
Invested in capital assets, net of related debt	0	0
Restricted for other purposes	7,642	9,944
Unrestricted	<u>428,333</u>	<u>398,521</u>
Total Net Position	<u>\$ 435,975</u>	<u>\$ 408,465</u>

As noted earlier, net positions may serve over time as one useful indicator of a government's financial condition. The assets of the North Dakota Board of Social Work Examiners exceeded liabilities by \$435,975 as of June 30, 2019 and by \$408,465 as of June 30, 2018. The Board's net assets increased by \$27,510 for the fiscal year ended June 30, 2019 and decreased by \$11,442 as of June 30, 2018. Zero percent of the Board's net assets were invested in capital assets (e.g. office equipment and furnishings) at the end of fiscal year 2019 and at the end of fiscal year 2018. The North Dakota Board of Social Work Examiners uses these capital assets to provide services to the Board; consequently, these assets are not available for future spending.

The decrease in net assets for fiscal year 2018 was from an increase in expenses. The expense increase was primarily due to legal fees.

Management Discussion and Analysis
North Dakota Board of Social Work Examiners

North Dakota Board of Social Work Examiners'
Changes in Net Position
Figure 3

	Governmental Activities 2019	Governmental Activities 2018
Revenues		
Program Revenues:		
Charges for Services	\$ 2,400	\$ 4,000
General Revenues:		
Licenses and Fees	131,256	104,735
Late Fees	0	15,300
Interest Income	5,417	1,161
Other Revenue	<u>0</u>	<u>0</u>
Total Revenues	139,073	125,196
Expenses		
General Government	<u>111,563</u>	<u>136,638</u>
Total Expenses	111,563	136,638
Increase (Decrease) in Net Position	27,510	(11,442)
Net Position, July 1	<u>408,465</u>	<u>419,907</u>
Net Position, June 30	\$ 435,975	\$ 408,465

Governmental activities. Governmental activities increased the Board's net position by \$27,510 in 2019 and decreased it by \$11,442 in 2018, thereby accounting for the total decrease in the net position of the North Dakota Board of Social Work Examiners. The key elements of the 2019 increase as described above include:

- Decrease in General Office expense
- Decrease in Legal Fees
- Increase in Fee Income

The key elements for the 2018 decrease include:

- Increase in Meeting expense
- Decrease in Board Meeting Training expense
- Decrease in Legal Fee expense

Financial Analysis of the Board's Funds

As noted earlier, the North Dakota Board of Social Work Examiners uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the North Dakota Board of Social Work 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 Board of Social Work 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 Board of Social Work Examiners. The unreserved fund balance of the General Fund and the related total fund balance for fiscal years 2019 and 2018 were \$426,295 with a total of \$453,805 and \$437,737 with a total of \$426,293 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 99 percent of total General Fund expenditures for both years.

At June 30, 2019 the governmental funds of the North Dakota Board of Social Work Examiners reported a fund balance of \$453,805 which was a 1.063 percent increase from the prior year and at June 30, 2018 a fund balance of \$426,295 which was a 1.027 percent decrease from 2017.

General Fund Budgetary Highlights

Revenues for the two year period ending June 30, 2019 were slightly more than the budgeted amount primarily due to an increase in license fees. Expenditures were less due to a decrease in general operating expenses.

Capital Asset and Debt Administration

Capital assets. The North Dakota Board of Social Work Examiners' investment in capital assets for its governmental activities for fiscal years 2019 and 2018 were \$0 and \$0 (net of accumulated depreciation) respectively.

There were no purchases and no disposals during the two year period.

North Dakota Board of Social Work Examiners'
Capital Assets
(net of depreciation)

Figure 4

	Governmental Activities <u>2019</u>	Governmental Activities <u>2018</u>
Office Furniture and Equipment	\$ 0	\$ 0
Total	<u>\$ 0</u>	<u>\$ 0</u>

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.

* High number of licensees

* A continuing demand for social workers in North Dakota

Budget Highlights for the Fiscal Year Ending June 30, 2019

Governmental Activities: Revenues are expected to increase as a result of licensure renewal fees and expenses are expected to increase. The budget has not been 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 APT, Inc. 2900 E. Broadway Ave. Bismarck, ND 58501, 701-224-1815.

NORTH DAKOTA BOARD OF SOCIAL WORK EXAMINERS

Bismarck, North Dakota
Statements of Net Position
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 64,409	\$ 243,828
Certificates of Deposit	387,589	285,586
Accounts Receivable	-	-
Interest Receivable	4,653	1,369
Prepaid Expenditures	<u>526</u>	<u>512</u>
Total Current Assets	\$ 457,177	\$ 531,295
Noncurrent Assets		
Depreciable Property and Equipment, Net	<u>0</u>	<u>0</u>
Total Assets	\$ 457,177	\$ 531,295
Liabilities		
Current Liabilities		
Accounts Payable	\$ 7,642	\$ 9,944
Deferred Revenue	<u>\$ 13,560</u>	<u>112,886</u>
Total Current Liabilities	<u>\$ 21,202</u>	<u>\$ 122,830</u>
Total Liabilities	\$ 21,202	\$ 122,830
Net Position		
Invested in Capital Assets, Net of Related Debt	\$ -	\$ -
Restricted for Other Purposes	7,642	9,944
Unrestricted	<u>428,333</u>	<u>398,521</u>
Total Net Position	\$ 435,975	\$ 408,465

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

NORTH DAKOTA BOARD OF SOCIAL WORK EXAMINERS
Bismarck, North Dakota
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Program Revenues			Net (Expenses) and Change in Net Assets Primary Government Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	
Primary Government:				
Governmental Activities:				
General Government	\$ 111,563	\$ 2,400	\$ -	\$ (109,163)
Total Primary Government	\$ 111,563	\$ 2,400	\$ -	\$ (109,163)
General Revenues				
Licenses and Fees				\$ 131,256
Late Fees				-
Interest Income				5,417
Other Revenue				-
				<u>\$ 136,673</u>
Changes in Net Position				\$ 27,510
Net Position - Beginning				<u>408,465</u>
Net Position - Ending				<u>\$ 435,975</u>

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

NORTH DAKOTA BOARD OF SOCIAL WORK EXAMINERS

Bismarck, North Dakota

Statement of Activities

For the Year Ended June 30, 2018

Program Revenues

Functions/Programs		Charges for Services	Operating Grants and Contributions	Net (Expenses) and Change in Net Assets Primary Government Governmental Activities
Primary Government:				
Governmental Activities:				
General Government	\$ 136,638	\$ 4,000		\$ (132,638)
Total Primary Government	\$ 136,638	\$ 4,000	\$ -	\$ (132,638)
General Revenues:				
Licenses and Fees				\$ 104,735
Late Fees				15,300
Interest Income				1,161
Other Revenue				-
Total General Revenues				\$ 121,196
Changes in Net Position				\$ (11,442)
Net Position - Beginning				419,907
Net Position - Ending				\$ 408,465

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

NORTH DAKOTA BOARD OF SOCIAL WORK EXAMINERS
Bismarck, North Dakota
Balance Sheets - Governmental Funds
June 30, 2019 and 2018

	<u>2019 General</u>	<u>2018 General</u>
Assets:		
Cash and Cash Equivalents	\$ 64,409	\$ 243,828
Certificates of Deposit	387,589	285,586
Interest Receivable	\$ 4,653	\$ 1,369
Accounts Receivable	\$ -	\$ -
Prepaid Expenditures	<u>\$ 526</u>	<u>\$ 512</u>
Total Assets	\$ 457,177	\$ 531,295
Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	\$ 7,642	\$ 9,944
Deferred Revenue	<u>13,560</u>	<u>112,886</u>
Total Liabilities	\$ 21,202	\$ 122,830
Fund Balances		
Reserved For:		
Prepaid Expenditures	\$ 526	\$ 512
Unreserved and Undesignated:		
Reported in the General Fund	<u>435,449</u>	<u>407,953</u>
Total Fund Balances (Deficit)	\$ 435,975	\$ 408,465
Total Liabilities and Fund Balances	<u>\$ 457,177</u>	<u>\$ 531,295</u>

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

NORTH DAKOTA BOARD OF SOCIAL WORK EXAMINERS
Bismarck, North Dakota
Reconciliation of the Governmental Funds Balance Sheets
to the Statements of Net Position
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Total Governmental Fund Balances	\$ 435,449	\$ 407,953
 Amounts reported in governmental activities in the statement of net position are different because:		
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.	14,810	14,810
Accumulated depreciation has not been included in the governmental fund financial statements.	<u>(14,810)</u>	<u>(14,810)</u>
Net Position of Governmental Activities	\$ 435,449	\$ 407,953

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

NORTH DAKOTA BOARD OF SOCIAL WORK EXAMINERS
Bismarck, North Dakota
Statements of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Years Ended June 30, 2019 and 2018

	2019 General	2018 General
Revenues		
Online Renewals	\$ -	\$ -
License Fees	107,234	14,123
Renewal Fees, net of refunds	15,642	97,416
Continuing Education Fees	8,380	8,495
Mailing Labels	2,400	4,000
Interest Income	5,417	1,162
Other Revenue	-	-
Total Revenues	<u>\$ 139,073</u>	<u>\$ 125,196</u>
Expenditures		
Management	\$ 66,600	\$ 66,600
Board Member Training	-	-
Office Supplies/Capital Outlay	2,239	2,042
Postage	1,693	6,200
Printing/Forms/Newsletter	1,622	3,859
Bank Charges/Credit Card Fees	1,105	6,104
Advertising	-	-
Dues and Subscriptions	250	625
Rent	3,900	3,900
Telephone	651	1,036
Insurance	1,377	1,377
Legal Fees	19,261	23,314
Audit	-	1,725
Web Page	6,860	6,585
Database Hosting	-	-
File Management	-	1,521
Meetings	5,739	11,750
Miscellaneous	266	-
Total Expenditures	<u>\$ 111,563</u>	<u>\$ 136,638</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>27,510</u>	<u>(11,442)</u>
Net Change in Fund Balances	27,510	(11,442)
Fund Balances (Deficit) - Beginning	<u>\$ 426,295</u>	<u>\$ 437,737</u>
Fund Balances (Deficit) - Ending	<u>\$ 453,805</u>	<u>\$ 426,295</u>

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

NORTH DAKOTA BOARD OF SOCIAL WORK EXAMINERS
Bismarck, North Dakota
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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Net Change in Governmental Fund Balances	\$ 27,510	\$ (11,442)

Amounts reported for the governmental
activities in the statement of activities
are different because:

Depreciation is not recognized as an expense
in governmental funds since it does not require
the use of current financial resources. The
effect of the current year's depreciation is
to decrease net assets.

Change in Net Position of Governmental Activities	\$ 27,510	\$ (11,442)
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The accompanying notes are an integral part of these financial statements.

NORTH DAKOTA BOARD OF SOCIAL WORK EXAMINERS
Notes To Financial Statements
For the Years Ended June 30, 2019 and 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the North Dakota Board of Social Work 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 Board of Social Work Examiners was created by state statute to carry out duties imposed upon it by such statute. The main duties are to provide the licensing and regulation of persons engaged in the practice of social work in the state of North Dakota. The board consists of six members appointed by the Governor of North Dakota to serve three year terms.

B. Reporting Entity

The reporting entity of the North Dakota Board of Social Work 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 position 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 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.

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

NORTH DAKOTA BOARD OF SOCIAL WORK EXAMINERS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018

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

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

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.

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.

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

NORTH DAKOTA BOARD OF SOCIAL WORK EXAMINERS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018

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

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

General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions 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 North Dakota Board of Social Work Examiners is not required to adopt a legal budget, however, a two year budget was prepared and a comparison to actual is presented.

E. Revenue Recognition

Membership renewal fees received during July 2017 to January 2018 are for the renewal period January 1, 2019 to December 31, 2019. In addition, new license application fees for the same two year period were also received throughout the reporting period. Although received in advance, a portion of these fees are budgeted for future expenditures. Therefore, those fees collected in advance for future expenditures have been recorded as deferred revenue in the accompanying balance sheet. Fees charged for requests for mailing labels for licensees are categorized as program revenues.

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

NORTH DAKOTA BOARD OF SOCIAL WORK EXAMINERS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018

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

F. Allowance for Uncollectible Accounts

No allowance for uncollectible accounts has been provided since management considers all accounts to be collectible.

G. Income Taxes

The entity is a governmental entity and is not subject to income tax.

H. Cash and Cash Equivalents and Investments

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 Board.

The investments of the board for the years ended June 30, 2019 and 2018 consisted of certificates of deposit stated at cost. For risk analysis purposes, the certificates of deposit are classified as deposits.

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

NORTH DAKOTA BOARD OF SOCIAL WORK EXAMINERS
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018

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

I. 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.

J. Capital Assets

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

	Capitalization Policy	Depreciation Method	Estimated Useful Life
Office Equipment	\$300	Straight-Line	5-7 years

K. Net Assets

Net position presents the difference between assets and liabilities in the statement of net position. 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 position is 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: MANAGEMENT CONTRACT

The Board has a written management agreement with APT, Inc. to perform various administrative and management functions and to conduct the necessary postal and banking business of the organization. The fee for these services as of June 30, 2019 was \$5,550 per month plus office expenses.

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

NORTH DAKOTA BOARD OF SOCIAL WORK EXAMINERS
 NOTES TO THE FINANCIAL STATEMENTS
 For the Years Ended June 30, 2019 and 2018

NOTE 3: DEPOSITS AND INVESTMENTS

The following is a summary of the cash and investments as of June 30, 2019 and 2018:

	Balance 06/30/19	Balance 06/30/18
Security First Bank – Checking	\$ 28,518	\$ 108,066
Security First Bank – MM Savings	35,891	135,761
Starion Financial – CDs	<u>387,589</u>	<u>285,586</u>
	<u>\$ 451,998</u>	<u>\$ 529,413</u>

The following table provides information about the credit risks associated with the Board's cash deposits. 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 agent in the Board's name. Category 3 is defined as deposits which are not collateralized or insured.

Based on these three levels of risk, the Board's cash deposits as of June 30, 2019 and 2018 are classified as Category 1.

<u>June 30, 2019</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total</u>
Checking	\$ 28,518	\$ 0	\$ 0	\$ 28,518
Savings	35,891	0	0	35,891
CDs	<u>387,589</u>	<u>0</u>	<u>0</u>	<u>387,589</u>
	<u>\$ 451,998</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 451,998</u>

<u>June 30, 2018</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total</u>
Checking	\$ 108,066	\$ 0	\$ 0	\$ 108,066
Savings	135,761	0	0	135,761
CDs	<u>285,586</u>	<u>0</u>	<u>0</u>	<u>285,586</u>
	<u>\$ 529,413</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 529,413</u>

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

NORTH DAKOTA BOARD OF SOCIAL WORK EXAMINERS
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018

NOTE 4: CAPITAL ASSETS AND ACCUMULATED DEPRECIATION

A summary of general fixed assets and accumulated depreciation for the years ended June 30, 2019 and 2018 is as follows:

	Capital Assets	Accumulated Depreciation
Balance, June 30, 2017	\$ 14,810	\$ 14,810
Additions	0	0
Deletions	0	0
Balance, June 30, 2018	\$ 14,810	\$ 14,810
Additions	0	0
Deletions	0	0
Balance, June 30, 201*	\$ 14,810	\$ 14,810

NOTE 5: 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, 2019 and 2018, respectively, nor have any payments been made on the Board's behalf by the Risk Management Fund or by Workforce Safety.

NOTE 6: LEASE

Office space was being leased for \$325 a month under a month to month lease. Under the current lease, office space is being leased under a month to month lease with APT, Inc. at \$325 per month. The rent payments for fiscal years 2019 and 2018 totaled \$3,900 for each fiscal year.

NOTE 7: RELATED PARTY

The Board is currently leasing office space from APT, Inc. The Board's executive secretary, Bill Kalanek, is also a shareholder/owner of APT, Inc. The rent payments for fiscal years 2017 and 2016 totaled \$3,900 for each fiscal year. Rent is paid in the month due; therefore there were no payables at the end of either fiscal year.

The organization has evaluated subsequent events through December 30, 2019, the date which the financial statements were available to be issued.

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

NORTH DAKOTA BOARD OF SOCIAL WORK EXAMINERS
Bismarck, North Dakota
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Two Year Period Ended June 30, 2019

	Budget Amounts			Variance with Final Budget Positive (Negative)
Revenues:	Original	Final		
Renewal Fees	\$ 175,500.00	\$ 175,500.00	\$ 175,374.01	\$ (125.99)
Late Fees	3,750.00	3,750.00	15,300.00	11,550.00
License Application Fees	10,000.00	10,000.00	13,975.73	3,975.73
License Fees	20,000.00	20,000.00	29,765.46	9,765.46
Approved Providers	10,200.00	10,200.00	13,400.00	3,200.00
Approved Programs	2,250.00	2,250.00	2,525.00	275.00
Individual CEU Approval	1,000.00	1,000.00	950.00	(50.00)
Mailing Labels	4,000.00	4,000.00	6,400.00	2,400.00
Miscellaneous	100.00	100.00	-	(100.00)
Background Checks	-	-	-	-
Interest Income	5,000.00	5,000.00	6,578.36	1,578.36
Total Revenues	\$ 231,800.00	\$ 231,800.00	\$ 264,268.56	\$ 32,468.56
Expenditures:				
General Government				
Travel	\$ -	\$ -	\$ -	\$ -
Board Member Training	\$ 3,000.00	\$ 3,000.00	\$ -	\$ 3,000.00
Office Supplies	3,500.00	3,500.00	4,353.75	(853.75)
Postage	12,000.00	12,000.00	7,893.17	4,106.83
Form Printing	2,500.00	2,500.00	-	2,500.00
Photocopies (APT)	5,000.00	5,000.00	5,480.33	(480.33)
Advertising	100.00	100.00	-	100.00
Dues & Subscriptions	3,000.00	3,000.00	875.00	2,125.00
Rent	7,800.00	7,800.00	7,800.00	-
Telephone	3,000.00	3,000.00	1,687.63	1,312.37
Insurance/Risk Management	2,500.00	2,500.00	2,753.32	(253.32)
Repairs & Maintenance	500.00	500.00	-	500.00
Fixed Assets	2,000.00	2,000.00	-	2,000.00
Management Services	133,200.00	133,200.00	133,200.00	-
Audit Fees	1,550.00	1,550.00	1,725.00	(175.00)
Legal Fees	48,000.00	48,000.00	42,575.04	5,424.96
Meetings	20,000.00	20,000.00	17,489.20	2,510.80
Background Checks	-	-	-	-
Miscellaneous	1,800.00	1,800.00	191.81	1,608.19
Web Page	23,388.00	23,388.00	13,445.50	9,942.50
Data Base Hosting	1,000.00	1,000.00	-	1,000.00
Record Retention/File Management	2,500.00	2,500.00	1,521.03	978.97
Bank Charges (Credit Cards)	6,500.00	6,500.00	7,209.26	(709.26)
Total Expenditures	\$ 282,838.00	\$ 282,838.00	\$ 248,200.04	\$ 34,637.96
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (51,038.00)	\$ (51,038.00)	\$ 16,068.52	\$ 67,106.52
Fund Balance Beginning of Year	\$ 419,907.00	\$ 419,907.00	\$ 419,907.00	\$ -

NORTH DAKOTA BOARD OF SOCIAL WORK EXAMINERS
Bismarck, North Dakota
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Two Year Period Ended June 30, 2019

Fund Balance End of Year	<u>\$ 368,869.00</u>	<u>\$ 368,869.00</u>	<u>\$ 435,975.52</u>	<u>\$ 67,106.52</u>
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Yvonne M. Kubis
Certified
Public Accountant

INDEPENDENT AUDITOR'S REPORT 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
Social Work Examiners
P. O. Box 914
Bismarck, ND 58502

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, the business-type activities and the aggregate remaining fund information of North Dakota Board of Social Work Examiners, as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise North Dakota Board of Social Work Examiners' basic financial statements, and have issued my report thereon dated December 30, 2019.

Internal Control Over Financial Reporting

In planning and performing my audits of the financial statements, I considered the North Dakota Board of Social Work Examiners' internal control over financial reporting (internal control) as a basis for designing 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 Social Work Examiners' internal control. Accordingly, I do not express an opinion on the effectiveness of North Dakota Board of Social Work 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 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.

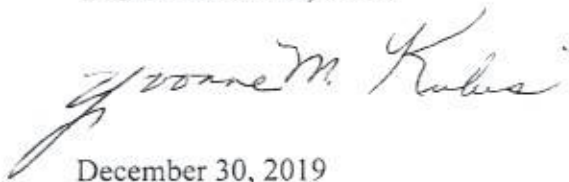
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the North Dakota Board of Social Work 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 financial statement. 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 results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Governmental Auditing Standards.

Purpose of this Report

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 purpose.

Yvonne M. Kubis, CPA



December 30, 2019

Yvonne M. Kubis
Certified
Public Accountant

Communication with Those Charged with Governance at the Conclusion of the Audit

December 30, 2019

North Dakota Board of
Social Work Examiners
P O. Box 914
Bismarck, ND 58502

I have audited the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of North Dakota Board of Social Work Examiners for the years ended June 30, 2019 and 2018. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards and Government Auditing Standards, as well as certain information related to the planned scope and timing of my audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by North Dakota Board of Social Work Examiners are described in Note C to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2019 and 2018. I noted no transactions entered into by North Dakota Board of social Work Examiners during the years for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's 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 significantly from those expected. North Dakota Board of Social Work Examiners did not have any accounting estimates in 2019 and 2018.

Difficulties Encountered in Performing the Audit



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BISMARCK, NORTH DAKOTA 58503

701-223-2929
Fax: 701-221-5882

We encountered no significant difficulties in dealing with management in performing and completing the audit.

Corrected and Uncorrected Misstatements

Professional standards require me to accumulate all known and likely misstatements identified during the audits, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreement arose during the course of my audits.

Management Representation

I have requested certain representations from management that are included in the management representation letter dated December 30, 2019.

Other Audit Findings or Issues

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as North Dakota Board of Social Work Examiners' auditor. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

Other Matters

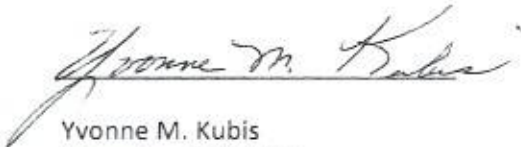
I applied certain limited procedures to North Dakota Board of Social Work Examiner RSI, which is required supplementary information (RSI) that supplements the basic financial statements. My procedures consisted of inquiries of management regarding the methods of preparing the information and comparing 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 audit the RSI and do not express an opinion or provide any assurance on the RSI.

I was engaged to report on the supplementary information, which accompany the financial statements but not RSI. With respect to the supplementary information, I made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that 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 appropriate and

complete in relation to my audit of the financial statements. I compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the board and management charged with governance of North Dakota Board of Social Work Examiners and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script, reading "Yvonne M. Kubis". The signature is written in dark ink and is positioned above the printed name and date.

Yvonne M. Kubis
December 30, 2019

