

ONE HUNDRED FORTY- FOURTH
ANNUAL REPORT

NORTH CAROLINA
BOARD OF PHARMACY

July 1, 2024 – June 30, 2025



**ONE HUNDRED FORTY-FOURTH ANNUAL REPORT
NORTH CAROLINA BOARD OF PHARMACY**

July 1, 2024 – June 30, 2025

Available at: <https://www.ncbop.org/annual-reports.html>

MEMBERS AND ORGANIZATION

PER REQUIREMENTS OF N.C.G.S. § 93B-2

Keith A. Vance, Lewisville, President Term expires April 30, 2027
Mischelle J. Corbin, Raleigh, Vice President Term expires April 30, 2030
Ashley H. Duggins, Asheboro Term expires April 30, 2030
Wallace E. Nelson, Hertford Term expires April 30, 2030
Christopher M. Sain, Hickory Term expires April 30, 2027
Robert J. “Joey” McLaughlin, Jr, Trenton Term expires April 30, 2026

Executive Director
Jack W. Campbell IV

Associate Executive Director
Ellen Vick

General Counsel
Clinton R. Pinyan

Investigators/Inspectors

Gray Fullwood, Director of Investigations
Krystal Stefanyk, Director of Inspections
Chase Bissell
Christie Cutbush
Kristy Edmondson
James Fickling
Lindsey Frederick
Dewey Galloway
Ruben Junez
Joshua Kohler
Cindy Parham
Kimberly Sims
Brent Slaughter
Jason Smith

Licensing

Missy Betz, Director
Stacie Mason
Lisa Parker-Hawkins
Wendy Watson
Leslie Wilson

Financial and HR Services

Rhonda Jones, Director
JP Brown

Operations

Kristin Moore, Director
Antoine Pryor
Ariyelle Miller

Chapel Hill, North Carolina
October 24, 2025

Governor Josh Stein
Raleigh, North Carolina

Dear Governor Stein:

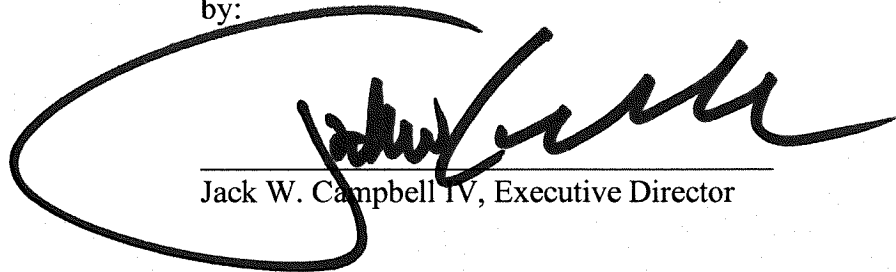
In compliance with N.C.G.S. § 93B-2, the Board of Pharmacy is pleased to submit to you the One Hundred Forty-Fourth Annual Report of the North Carolina Board of Pharmacy.

This report and past annual reports are available to the public at the Board's website: <https://www.ncbop.org/annual-reports.html>

Respectfully yours,

NORTH CAROLINA BOARD OF PHARMACY

by:

A large, stylized handwritten signature in black ink, which appears to read "Jack W. Campbell IV". The signature is written over a horizontal line.

Jack W. Campbell IV, Executive Director

Introduction

The Board of Pharmacy is pleased to present this summary of events and activities for FY2024-25. The below information, and much more, may be found on the Board's website, www.ncbop.org; in the Board's quarterly newsletters, <https://www.ncbop.org/newsletters.html>; and in the agendas for, and minutes of, the Board's regularly scheduled meetings, <https://www.ncbop.org/board-meetings.html>.

The Board's FY2024-25 Financial Audit Report is appended to this Annual Report.

The Board broadcasts its regular business meetings online. Instructions for viewing Board meetings are found on the front page of the Board's website, www.ncbop.org. The Board meets the second Tuesday of January, March, May, July, September, and November. The Board holds committee workdays on the second Tuesday of February, April, June, and October. The Board holds pre-hearing conferences on disciplinary matters the second Monday of every month except August and December.

Board Personnel

Members

All Board members are current in training required by NCGS § 93B-5(g). All Board members are current in their ethics and lobbying training as required by the State Government Ethics Act. All Board members timely filed their required Statements of Economic Interest.

North Carolina pharmacists elected Wallace Nelson of Hertford, NC, and Ashley Duggins of Asheboro, NC, from the Northeastern and Central District seats, respectively, to serve second five-year terms. The Board certified the election results during its March 11, 2025, meeting. A total of 2,120 votes were cast between November 1, 2024, and March 1, 2025. Mr Nelson and Dr Duggins commenced their second terms on May 1, 2025, after being commissioned by Governor Stein.

The election featured a slate of candidates with broad practice experiences. The Board thanks each of them for their commitment to public service. From the Northeastern District: Jay Barefoot, Kelsey Carter, Michael Hoffler, Lindsey Kennedy, Jeff Reichard, and Irv Trust. From the Central District: Andrew Froy, LaQuoia Johnson, Vy Nguyen, Aaron Shaver, Ethan Smith, and Noble Thomas.

Governor Stein appointed Mischelle Corbin to a second five-year term as the Board's public member. Ms. Corbin presently serves as the Board's vice president.

The next Board election will begin on November 1, 2025 and will be for the Southeastern District position, presently held by Robert "Joey" McLaughlin. The winner

of this election will begin their term on May 1, 2026, after commissioning by Governor Stein. October 1, 2025 was the deadline for candidates to submit petitions to appear on the ballot, and Board staff received the required petitions from Wesley Hickman of Leland, NC, and Robert “Joey” McLaughlin, Jr. of Trenton, NC.

Board member Wallace Nelson received the 2024 Bowl of Hygeia Award at the North Carolina Association of Pharmacists’ annual convention. Established in 1958, the Bowl of Hygeia Award is sponsored by the American Pharmacists Association Foundation and the National Alliance of State Pharmacy Associations. Participating state pharmacy associations recognize one pharmacist annually for an outstanding record of community civic leadership. NCAP Executive Director Penny Shelton praised Mr. Nelson, noting that he has “walked the talk his entire career finding ways to serve and give back at extraordinarily high levels.”

In August 2025, the North Carolina Association of County Commissioners installed Mr. Nelson as its 2025-2026 president. Mr. Nelson’s presidential initiative focuses on improving access to healthcare services across North Carolina, particularly in rural and underserved areas. It addresses pressing challenges counties face, such as hospital closures, the shrinking availability of primary care and the loss of local pharmacies and providers.

Staff

Senior Inspector Christie Cutbush continues service on the Board of Directors for the National Association of Drug Diversion Investigators (NADDI). NADDI’s objective is to improve members’ ability to investigate, prosecute, and prevent pharmaceutical drug diversion.

Enforcement Manager Cindy Parham continues to serve as the secretary-treasurer for the National Association of Boards of Pharmacy (NABP) District 3 and MALTAGON, a consortium of state Boards of Pharmacy focusing on pharmacy law enforcement efforts throughout the country. The North Carolina Board of Pharmacy will host both of these meetings in September 2026 in Asheville.

Director of Inspections Krystal Stefanyk is a nationally-recognized expert on compounding practices and inspections, and she has presented at the United States Pharmacopeia (USP) workshop in September 2024, the American Pharmacists Association (APhA) meeting in March 2025, and the Food and Drug Administration (FDA) intergovernmental working meeting in June 2025, and she continues to serve as a faculty member for the Kennedy Pharmacy Innovations Center (KPIC) course on inspector training for compounding inspections.

Director of Investigations Gray Fullwood presented at the IQVIA Controlled Substance and State Regulatory Conference and the International Association of Healthcare Safety and Security Education Day.

Associate Executive Director Ellen Vick continues to serve as a commissioner for the Accreditation Council for Pharmacy Education (ACPE) Continuing Education Commission. Ellen also serves as Vice President of MALTAGON, a consortium of state Boards of Pharmacy focusing on pharmacy law enforcement efforts throughout the country. Ellen presented to the North Carolina Association of Pharmacists in June 2024, and the Food and Drug Administration (FDA) intergovernmental working meeting in June 2025.

Executive Director Jay Campbell remains chair of NABP's Working Group on Establishing a Uniform Pharmacy Jurisprudence Exam and a member of NABP's Steering Committee on Creating an Interstate Practice Credential. NABP will launch the uniform pharmacy jurisprudence examination in spring 2026. The North Carolina Board of Pharmacy will recognize that exam (one of the first two states, along with Ohio, in the country to do so) and is working on implementation matters. Recognition will more readily facilitate North Carolina pharmacists' ability to work in multiple jurisdictions, as well as make North Carolina an even more attractive state for licensure.

Licensing Activity

In the fall of 2025, Board staff implemented a substantial change to the process by which a pharmacy transfer of ownership permit application is reviewed and approved. Board Rule .1603 requires a pharmacy to obtain a new permit prior to closing a qualifying transfer-of-ownership transaction, a necessary step to ensure that new pharmacy owners are qualified to operate the pharmacy in a safe and lawful manner.

Continuity of operations challenges frequently arose, however, when transferring ownership. The Board previously did not assign a permit number for the new owner until the transaction was completed (to avoid two permit numbers being simultaneously attached to one pharmacy location). The acquiring entity, though, must have an assigned pharmacy permit number to complete tasks such as transferring a Drug Enforcement Administration registration and enrolling as a provider in private- and government-payer programs. Hence, post-transaction closure, the acquiring entity could experience substantial delays in resuming operations.

Responding to input from stakeholders, Board staff revamped the transfer of ownership permit process to allow the "new" pharmacy's permit number to be assigned provisionally once staff has completed review of, and approved, the transfer application. The acquiring entity can use the provisional number to complete continuity-of-operations tasks prior to closing the transaction. When the transaction closes, the acquiring owner can so indicate in the permit's on-line profile, and the provisional permit number automatically changes to "active" status.

This process change was well received by the regulated community.

Investigations and Inspections Activity

The Board's inspections and investigations docket remains full and productive. The Board received 424 public complaints. The Board investigative staff were assigned 424 new cases, while at the same time working diligently to close 490 cases. The Board's inspections team inspected 737 facilities (606 Pharmacies and 131 Durable Medical Equipment Facilities).

In February 2025, the Board hosted its second annual Compounding Summit at the Friday Center in Chapel Hill. Spearheaded by Director of Inspections Krystal Stefanyk, the Summit brought together board of pharmacy inspectors and investigators from all over the country, as well as subject matter experts across a wide range of drug compounding fields. The Summit continues to provide cutting edge content on, among other things, technological advancements in drug compounding, compliance with revised United States Pharmacopeia standards, and effective inspection and investigation techniques. The Summit was widely, and uniformly, praised by attendees. Director Stefanyk is far along in planning for the third annual summit in February 2026.

Board staff continues to maintain positive working relationships with colleagues at federal agencies including: Food and Drug Administration (FDA), Drug Enforcement Agency (DEA) and Department of Health and Human Services Office of Inspector General (OIG). Board staff also continues to maintain positive working relationships with several state agencies: North Carolina Department of Agriculture, State Bureau of Investigations, and North Carolina Department of Insurance.

The Board's strong working relationship with the North Carolina Professionals' Health Program (NCPHP) is also crucial to its enforcement efforts. NCPHP provides substance use disorder assessment and treatment options for pharmacists, pharmacy technicians and pharmacy students. In FY2024-25, the Board further increased its commitment to the L. Stanley Haywood Fund. The Haywood Fund provides financial support for qualifying pharmacists and pharmacy personnel in need of substance use assessment, treatment, and monitoring services through NCPHP.

Rulemaking Activity

The Board completed the following rulemakings in FY2024-25:

Amendments to Rule .1401, Health System Pharmacy Permits. These amendments clarify when a health-system "satellite" pharmacy location must hold a separate permit. Prior to the amendments, regulated entities expressed significant confusion in making this determination. The amendments make clear that separate dispensing areas for inpatient populations may operate under one permit as long as they are in the same building or in a building on property contiguous with the principal permitted location.

Amendments to Rule .1415, Emergency Department Dispensing. Rule .1415 has long allowed non-pharmacy-personnel in an emergency room to dispense a 24-hour supply of a medication to a patient at discharge when pharmacy services are not otherwise available at a health facility. The amendments extend the authorization to a 7-day supply and clarify that such dispensing is allowed when outpatient pharmacy services are not available, even if inpatient services are.

Amendments to Rule .2504, Patient Counseling. Rule .2504 has been amended to make clear that technological advances may be used to provide patient counseling and education. The rule has also been reorganized so that its requirements are listed in a way that tracks the typical dispensing process – making understanding and compliance easier.

New Rule .2516, Emergency Pharmacy Closures. New Rule .2516 sets forth requirements governing an unexpected closure of a pharmacy expected to last more than two hours. The pharmacy will be required to provide notice to patients (and the Board) and instructions for accessing pharmacy services during the closure. This new rule responds to a significant increase in complaints to the Board from patients who find their pharmacy closed unexpectedly and are provided no information as to why, when service will resume, or how the patient may obtain their pharmacy care in the interim.

Other Board Activity

As was true of many state entities, the response to Hurricane Helene's devastation of western North Carolina presented challenges and opportunities for the Board. Among the actions taken by the Board to mitigate the significant public health threats in Helene's aftermath:

- Activation of a springing set of pre-approved waivers triggered by declaration of a state emergency that permit qualified pharmacists and technicians in other states to practice in the disaster area without obtaining North Carolina licenses and that facilitate the relocation of impacted pharmacies and/or establishment of temporary pharmacies.
- Creation of a real-time, constantly updating database detailing which pharmacies in the affected counties were open, their hours, and services available. This database was praised by state and federal disaster aid operations as among the most reliable, current resources for facilitating efficient health care aid delivery.
- Working with the federal Drug Enforcement Administration to obtain express authorization for pharmacists to use state-law authorizations for emergency refills to also provide emergency refills for controlled substances. DEA has never previously issued such authorization. Doing so post-Helene was crucial for continuity of care for thousands of patients.
- Working with the National Association of Boards of Pharmacy rapidly to implement the Emergency Verify program – a means of vetting pharmacists and pharmacy technicians from other states coming into North Carolina to provide relief

services. Standing this program up quickly gave pharmacies, health care facilities, and emergency responders maximum assurance that volunteers were qualified. And the ease (and no cost) of the program encouraged pharmacy volunteers to come to North Carolina.

The Board's post-Helene efforts were the subject of a feature article in NABP's *Innovations* magazine recommending these practices to other state boards of pharmacy.

* * *

The on-line and print resources noted above detail the wide scope of public health and safety activities undertaken by the Board during FY 2024-25. The statistics reported below further demonstrate the Board's active licensing, permitting, registration, and disciplinary docket.

G.S. § 93B-2 Report Contents

North Carolina Board of Pharmacy Census of Licenses, Permits, and Registrations As of June 30, 2025

Census figures for previous years are found in the Board's annual report archive here:
<https://www.ncbop.org/annual-reports.html>

PHARMACISTS

Total number of active pharmacists licensed.....	18,988
Total number of pharmacists residing in North Carolina	13,306
Inactive pharmacists residing in North Carolina	4,820
Active pharmacists residing outside of North Carolina.....	6,907
NABP Verify-Credentialed pharmacists registered to perform remote operations	5,681

IN-STATE PHARMACIST EMPLOYMENT SETTINGS*

Retail Pharmacy – Chain	3,137
Retail Pharmacy – Independent.....	1,615
Community Health Center.....	245
Free/Charitable Clinic.....	63
Other Outpatient Pharmacy	516
Hospital Pharmacies	3,159
Clinical Pharmacist Practitioners.....	467
Long Term Care/Hospice	449
Infusion.....	287
Nuclear Pharmacy	35
Government, Health Departments, and Teaching.....	617
Pharmaceutical Industry	657
Other Pharmacy Setting.....	869
Not employed in a pharmacy setting	914
No employment reported	173
Retired	570

IN-STATE PHARMACIST DEMOGRAPHICS

Under 30 years of age.....	989
30 – 39 years of age.....	3,881
40 – 49 years of age.....	3,303
50 – 59 years of age.....	2,898
60 – 65 years of age.....	1,089
Over 65 years of age.....	1,156
In-state Pharmacists – Female	8,648
In-state Pharmacists – Male.....	4,658

*Employment settings are self-reported by pharmacists.

NON-PHARMACIST DISPENSERS

Dispensing Physicians	815
Physician Assistants	125
Nurse Practitioners	350
Optometrists	28

PHARMACY INTERNS

Total Pharmacy Interns registered	1,536
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PHARMACY TECHNICIANS

Total Pharmacy Technicians registered	22,971
Nationally Certified Technicians ⁺	12,080

PHARMACIES*

Total in-state Pharmacy permits	2,748
Retail Pharmacy – Chain	1,128
Retail Pharmacy – Independent	718
Hospital Pharmacies	187
Nursing Homes	18
Health Departments	84
Free/Charitable Clinics	46
Infusion	52
Limited Service Permits	471
Auxiliary Drug Inventory	16
Automated Medication System	200
Direct-to-Patient Dispensing System	2
NP/PA Dispensing Facility	142
County Health Department RN Dispensing Facility	62
Free/Charitable Clinic	38
Critical Access Hospital	2
Others	318
Total out-of-state Pharmacy permits	1,007

DEVICE AND MEDICAL EQUIPMENT FACILITIES

Total DME permits	819
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⁺11,715 certified by the Pharmacy Technician Certification Board; 365 certified by the National Healthcareer Association

*Some pharmacies fit into multiple categories.

(1) *The Address of the Board, and the Names of Its Members and Officers*

Board offices are located at 6015 Farrington Road, Suite 201, Chapel Hill, NC 27517.

The Board members and officers are noted on the cover page of this report.

(2) *The Number of Persons Who Applied to the Board for Examination*

443 persons applied to the Board for licensure by examination in FY2024-25.

(3) *The Number of Persons Who Were Refused Examination*

No candidate was refused on the basis that the candidate did not possess the qualifications necessary to sit for examination.

(4) *The Number of Persons Who Took the Examination*

380 candidates sat for examination in FY2024-25. Sixteen (16) candidates withdrew from examination. No candidate failed to appear for examination. As noted above, no candidate was refused examination

(5) *The Number of Persons to Whom Initial Licenses Were Issued*

The Board issued 350 licenses by examination in FY2024-25.

(6) *The Number of Persons Who Failed One or More Licensure Examinations*

133 candidates failed one or more of the licensure examinations in FY2024-25. Board Rule 21 NCAC 46.1505 affords a candidate for licensure five (5) opportunities to pass each of the licensure examinations – the North American Pharmacy Licensure Examination (NAPLEX) and the Multistate Pharmacy Jurisprudence Examination (MPJE). Most candidates who fail one of these exams pass on a subsequent attempt.

(7) *The Number of Persons Who Applied for License by Reciprocity or Comity*

377 persons applied for licensure by reciprocity in FY2024-25.

(8) *The Number of Persons Who Were Granted Licenses by Reciprocity or Comity*

363 persons were granted licensure by reciprocity in FY2024-25.

(9) *The Number of Applicants With a Record of Conviction*

83 applicants (67 pharmacy technician registration applicants; 16 pharmacist licensure applicants) presented with a record of criminal conviction in FY2024-25.

(10) *The Number of Applicants With a Record of Conviction Who Were Granted Licensure or Registration*

69 applicants (53 pharmacy technician registration applicants; 16 pharmacist licensure applicants) were granted registration or licensure in FY2024-25. Thirteen (13) pharmacy technician registration applicants could not be approved by Board staff because of a criminal conviction. Each were notified that they could request a hearing before the Board concerning the registration application. None did so. One (1) pharmacy technician applicant withdrew their application because of a potentially disqualifying criminal conviction.

(11) *The Number of Military-Trained Applicants for Licensure or Registration*

Three (3) pharmacist licensure applicants requested the military-training application fee waiver and temporary license in FY2024-25. Two (2) were eligible for fee waiver and temporary licensure.

Nineteen (19) pharmacy technician registration applicants requested the military-training fee waiver in FY2024-25. Two (2) were eligible for, and received, the fee waiver. No temporary registrations issued because, once a pharmacy technician registration application is approved, the technician is immediately eligible to practice as a technician. There is no required examination. Seventeen (17) applicants were not eligible for the fee waiver, in almost all cases because the applicant did not hold a pharmacy technician military occupational specialty.

(12) *The Number of Military Spouse Applicants for Licensure or Registration*

Nine (9) military-spouse pharmacist licensure applications requested application fee waiver and temporary license in FY2024-25. All nine (9) were eligible for, and received, the fee waiver and temporary license.

64 pharmacy technician registration applicants requested the military-spouse fee waiver in FY2024-25. Four (4) were eligible for, and received, the fee waiver. No temporary registrations issued because, once a pharmacy technician registration application is approved, the technician is immediately eligible to practice as a technician. There is no required examination. 60 applicants were not eligible for the fee waiver because they had never practiced as a pharmacy technician in another state.

Note: These numbers include applicants who sought temporary licensure under the federal Military Spouse Licensing Relief Act, which became effective in January 2023.

(13) Number of Disciplinary Actions Taken Against Licensees and Nonlicensees (Including Injunctive Relief), The Number of Licenses Suspended or Revoked

Total number of investigative cases opened	424
Total number of inspections conducted	737
Total number of “no action” decisions after investigation (i.e., investigation did not find any violation of law)	49
Total number of “no action” decisions after investigation due to Board having no jurisdiction over complained-of behavior	6 [^]
Total number of injunctions obtained to halt unlicensed practice	0
Total number of warning letters issued post pre-hearing conference or by administrative disposition	238
Total number of cases resulting in consent orders	15
Total number of cases resulting in full board hearings	1
Pharmacist license applications denied	1*
Pharmacist licenses revoked	1
Pharmacist licenses suspended	4
Pharmacist licenses surrendered	9
Pharmacy intern registration applications denied	0
Pharmacy technician registration applications denied	20*
Pharmacy technician registrations revoked	0
Pharmacy technician licenses suspended	15
Pharmacy technicians surrendered	20
Pharmacy permit applications denied	4*
Pharmacy permits revoked	1
Pharmacy permits suspended	1
Pharmacy permits surrendered	1
DME permit applications denied	0*

[^] 211 public complaints filed with the Board were closed without investigation because the complained of behavior was not subject to regulation by the Board.

* Each year, Board staff identify deficiencies in pharmacist, technician, pharmacy, and DME license/registration/permit applications and notify the applicant that staff cannot approve the application due to the deficiency. Board staff informs the applicant that it may request a hearing before the Board to request approval of the application. This data reflects a “staff not approved” number. It is not a true “denial” number because no final Board action was taken. Instead, in each case, the applicant abandoned or withdrew the application.

DME permits revoked	0
DME permits suspended	0
DME permits surrendered	0

(14) *The Number of Licenses Terminated For Any Reason Other than Failure to Pay the Required Renewal Fee*

Beyond the number of licenses suspended or revoked for disciplinary reasons, no licenses, permits, or registrations were terminated for reasons other than failure to pay the required renewal fee.

(15) *The Substance of Any Anticipated Request by the Occupational Licensing Board to the General Assembly to Amend Statutes Related to the Occupational Licensing Board*

The Board does not anticipate a request to the General Assembly to amend the Pharmacy Practice Act in FY2025-26.

(16) *The Substance of Any Anticipated Change in Rules Adopted by the Occupational Licensing Board or the Substance of Any Anticipated Adoption of New Rules By the Occupational Licensing Board*

The following rulemaking activities are anticipated for FY2025-26:

Potential Amendments to 21 NCAC 46.1418. The Board anticipates amendments to Rule .1418 that would: (a) expand the tasks that validating technicians may perform under the oversight of a health care facility pharmacist; and (b) increase the number of pharmacy technicians who may serve as validating technicians by creating additional qualification pathways.

Potential Amendments to 21 NCAC 46.1414. The Board may undertake amendments to Rule .1414 designed to authorize pharmacist pre-verification of standard order sets in a health care facility, potentially reducing pharmacist time on low-yield, repetitive tasks and increase pharmacist availability to engage in focused clinical patient assessment.

Potential Amendments to 21 NCAC 46.1806. The Board may undertake amendments to Rule .1806 designed to update the prescription transfer requirements in light of technological and other practice changes.

Potential New Rule to Facilitate Test-to-Treat Influenza Authority. S.L. 2025-37 granted pharmacists authority to administer CLIA-waived tests for influenza and to treat a confirmed case of influenza pursuant to (initially) a statewide standing order issued by the State Health Director and (eventually) a statewide protocol agreed upon by the

Pharmacy and Medical Boards. Implementation of a joint statewide protocol will require rulemaking.

FINANCIAL AUDIT REPORT

FY 2024-25

NORTH CAROLINA BOARD OF PHARMACY

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024



NORTH CAROLINA BOARD OF PHARMACY

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NORTH CAROLINA BOARD OF PHARMACY
Management's Discussion and Analysis
Year Ended June 30, 2025

Introduction

The following discussion and analysis provides an overview of the financial position and activities of the North Carolina Board of Pharmacy (the "Board"), for the year ended June 30, 2025. The following financial statements and footnotes comprise our complete set of financial information. The Management's Discussion and Analysis identifies significant transactions that have financial impact and highlights favorable and unfavorable trends. Comparative data for the current year and the two previous years are presented in the analysis.

Using the Financial Statements

The Board's financial report includes three financial statements: Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows. These financial statements are prepared in accordance with the principles of the Governmental Accounting Standards Board ("GASB").

The Statement of Net Position includes all Board current and noncurrent assets and liabilities. Current assets are those that are expected to be converted to cash within one year, and current liabilities are expected to be settled within one year.

The Statement of Revenues, Expenses and Changes in Net Position presents information on how the Board's net position changed as a result of the year's operations.

The Statement of Cash Flows reports cash from operating activities, capital and related financing activities, and investing activities, and is presented using the direct method.

Statement of Net Position

The following Statements of Net Position presents a fiscal snapshot of the Board's financial position as of June 30, 2025, 2024, and 2023. The statements provide information on current and noncurrent assets and liabilities. The data provides information on assets available to continue operations; amounts due to vendors and lending institutions; and the net position available for expenditure by the Board.

The following table summarizes the Board's assets, liabilities and net position at June 30:

	<u>2025</u>	<u>2024 Restated</u>	<u>2023</u>
Assets:			
Current assets	\$ 5,514,825	\$ 5,976,448	\$ 5,179,746
Non-current assets	7,242,752	6,091,198	5,780,884
Net Right-to-use leased assets	7,164	2,985	8,530
Net capital assets	1,411,289	1,531,681	1,541,740
Total assets	<u>14,176,030</u>	<u>13,602,312</u>	<u>12,510,900</u>
Liabilities:			
Current liabilities	461,257	423,605	43,661
Non-current liabilities	92,855	83,283	272,326
Total liabilities	<u>554,112</u>	<u>506,888</u>	<u>315,987</u>
Net position:			
Invested in capital assets - net			
of related depreciation	1,411,192	1,531,529	1,541,593
Unrestricted	12,210,726	11,563,895	10,653,320
Total net position	<u>\$ 13,621,918</u>	<u>\$ 13,095,424</u>	<u>\$ 12,194,913</u>

NORTH CAROLINA BOARD OF PHARMACY
Management's Discussion and Analysis
Year Ended June 30, 2025

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position represents the Board's results of operations. The following presents condensed financial information for Board operations for the years ended June 30:

	<u>2025</u>	<u>2024 Restated</u>	<u>2023</u>
Operating revenues	\$ 5,171,319	\$ 4,944,883	\$ 4,733,786
Operating expenses	<u>5,213,161</u>	<u>4,838,368</u>	<u>4,146,745</u>
Operating income	(41,842)	106,515	587,041
Non-operating revenues (expenses)	<u>568,336</u>	<u>488,867</u>	<u>(268,577)</u>
Changes in net position	526,494	595,382	318,464
Net position - beginning of year	<u>13,095,424</u>	<u>12,500,042</u>	<u>11,876,449</u>
Net position - end of year	<u>\$ 13,621,918</u>	<u>\$ 13,095,424</u>	<u>\$ 12,194,913</u>

Operating revenues consisted primarily of pharmacist and pharmacy renewals. Operating revenues for the year ended June 30, 2025 were \$5,171,319 compared to \$4,944,883 for the year ended June 30, 2024. Operating expenses are related to the operation of the Board and include personnel costs, investigative costs, professional fees, bank service charges and depreciation. The Board recorded depreciation expense of \$170,132 and \$175,968, for the years ended June 30, 2025 and June, 30 2024, respectively. Non-operating revenues consisted primarily of net investment income and unrealized and realized gains (losses) on investments.

Events Affecting Future Operations

The Board has a five year agreement with Thoughtspan Technologies for continued support of the North Carolina Board of Pharmacy web-based licensing information and online renewal system software through December 2026.

The Board signed a new agreement with North Carolina Professionals Health Program, effective July 1, 2024 to increase the annual fee from \$250,000 to \$350,000.

Contacting the Board's Management

This financial report is designed to provide our state, pharmacists, and creditors with a general overview of the Board's finances and demonstrate accountability of all funds received. Additional financial information may be obtained by contacting the Board at 919-246-1050.



Independent Auditor's Report

To the Board of Directors
North Carolina Board of Pharmacy
Raleigh, North Carolina

Opinion

We have audited the accompanying financial statements of the North Carolina Board of Pharmacy (the "Board"), an enterprise fund of the State of North Carolina, which comprise the statements of net position as of June 30, 2025 and 2024, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the North Carolina Board of Pharmacy as of June 30, 2025 and 2024, and its changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibility of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Emphasis of Matter

As discussed in Note 1, these financial statements are presented only for the North Carolina Board of Pharmacy and do not purport to and do not present fairly the financial position of the State of North Carolina as of June 30, 2025, nor the changes in its financial position and its cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, on pages 1 – 2, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Bernard Robinson & Company, L.L.P.

Raleigh, North Carolina
September 18, 2025

NORTH CAROLINA BOARD OF PHARMACY
Statements of Net Position
June 30, 2025 and 2024

	<u>2025</u>	<u>Restated 2024</u>
ASSETS:		
Current assets:		
Cash	\$ 2,472,091	\$ 2,953,570
Investments, current portion	2,872,424	2,853,348
Accrued interest	55,576	49,482
Prepaid expenses	114,509	120,048
Employee advances	225	-
Total current assets	<u>5,514,825</u>	<u>5,976,448</u>
Non-current assets:		
Investments, less current portion	6,994,589	5,843,035
Note receivable - officer life insurance	248,163	248,163
Total non-current assets	<u>7,242,752</u>	<u>6,091,198</u>
Capital assets:		
Right-to-use leased assets, net of amortization	7,164	2,985
Property and equipment, net of depreciation	1,411,289	1,531,681
Capital assets, net of depreciation	<u>1,418,453</u>	<u>1,534,666</u>
Total assets	<u>14,176,030</u>	<u>13,602,312</u>
LIABILITIES:		
Current liabilities:		
Accounts payable	40,959	44,354
Current portion of lease liabilities	2,755	2,223
Accrued compensation	417,543	377,028
Total current liabilities	<u>461,257</u>	<u>423,605</u>
Non-current liabilities:		
Accrued compensation	88,349	82,369
Lease liabilities	4,506	914
Total non-current liabilities	<u>92,855</u>	<u>83,283</u>
Total liabilities	<u>554,112</u>	<u>506,888</u>
NET POSITION:		
Net investment in capital assets	1,411,192	1,531,529
Unrestricted	12,210,726	11,563,895
Total net position	<u><u>\$ 13,621,918</u></u>	<u><u>\$ 13,095,424</u></u>

See Notes to Financial Statements

NORTH CAROLINA BOARD OF PHARMACY
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2025 and 2024

	2025	Restated 2024
Operating revenues:		
Pharmacist renewals	\$ 2,509,245	\$ 2,467,665
Pharmacist reciprocity	217,800	246,600
Pharmacist exam fees	67,300	40,700
Pharmacist/manager changes	37,205	36,365
Pharmacist reinstatements	44,820	43,200
Pharmacy renewals	728,000	707,800
Pharmacy permits	322,000	215,500
Pharmacy reinstatements	-	-
Technician renewals	575,520	550,950
Technician registrations	139,650	141,630
Technician reinstatements	67,860	64,140
Device and DME permits and renewals	231,800	217,200
Dispensing physician renewals and permits	71,775	70,500
Dispensing PA/NP renewals and permits	41,850	37,650
Pharmacy/pharmacists, lists and labels	13,465	26,373
Miscellaneous	103,029	78,610
Total operating revenues	5,171,319	4,944,883
Operating expenses:		
Salaries	2,567,693	2,410,747
Payroll taxes	177,483	167,048
Retirement contributions	151,270	141,452
Employee benefits	315,568	280,752
Unemployment Claims	104	-
Educational expense	1,787	1,980
Board meeting and election expenses	29,108	34,329
Meetings per diem	-	-
Professional meetings	35,129	47,419
Inspection expense	77,475	70,147
Building dues and maintenance	26,500	26,639
Office utilities	8,801	7,784
Janitorial service	13,500	13,500
Telephone	22,404	23,713
Auto expense	28,029	31,076
Supplies	9,586	12,232
Books, dues, and subscriptions	15,665	14,217
Postage	8,850	9,486
Printing	1,324	1,330

See Notes to Financial Statements

NORTH CAROLINA BOARD OF PHARMACY
Statement of Revenues, Expenses and Changes in Net Position (Continued)
Years Ended June 30, 2025 and 2024

	2025	Restated 2024
Operating expenses (Continued):		
Maintenance	\$ 332,230	\$ 251,966
Special meetings and projects	89,656	43,227
Insurance	37,778	37,327
Executive director's expense	23,581	20,702
Office staff travel	1,308	4,397
Consulting fees	56,014	66,198
Bank service charges	166,476	162,470
Depreciation	170,132	175,968
Legal fees	466,772	456,459
Pharmacist recovery programs	350,000	250,000
Sponsorship and advertising	-	40,499
Audit fee	27,000	16,200
Lease amortization expense	1,802	3,978
Interest expense on lease liabilities	136	291
Temporary office help	-	14,835
Total operating expenses	<u>5,213,161</u>	<u>4,838,368</u>
Operating income (loss)	<u>(41,842)</u>	<u>106,515</u>
Non-operating revenues (expense):		
Net investment income	337,170	250,621
Unrealized and realized gains on investments	231,166	236,027
Gain on sale of fixed assets	-	2,219
Total non-operating income	<u>568,336</u>	<u>488,867</u>
Changes in net position	526,494	595,382
Net position - beginning of year	<u>13,095,424</u>	<u>12,500,042</u>
Net position - end of year	<u><u>\$ 13,621,918</u></u>	<u><u>\$ 13,095,424</u></u>

NORTH CAROLINA BOARD OF PHARMACY
Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Cash received from fees	\$ 5,068,290	\$ 4,866,273
Other cash received	103,029	78,610
Cash payments to employees for service	(2,561,713)	(2,357,554)
Cash payments to suppliers for goods and services	(1,973,524)	(1,922,078)
Cash payments for interest on leased assets	(136)	(291)
Cash payments for other operating expenses	(457,440)	(360,972)
Net cash provided by operating activities	<u>178,506</u>	<u>303,988</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(49,740)	(29,569)
Payments on lease liabilities	(1,857)	(3,981)
Net cash used in capital and related financing activities	<u>(51,597)</u>	<u>(33,550)</u>
Cash flows from investing activities:		
Purchase of investments	(7,123,440)	(4,251,821)
Proceeds from sales of investments	6,177,882	4,127,708
Net investment income	337,170	250,621
Net cash provided by (used in) investing activities	<u>(608,388)</u>	<u>126,508</u>
Net increase (decrease) in cash	(481,479)	396,946
Cash - beginning of year	<u>2,953,570</u>	<u>2,556,624</u>
Cash - end of year	<u><u>\$ 2,472,091</u></u>	<u><u>\$ 2,953,570</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (41,842)	\$ 106,515
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	170,132	175,968
Amortization, leased assets	1,802	3,978
Changes in assets and liabilities:		
Prepaid expenses	5,539	(18,258)
Accounts payable	(3,395)	(17,407)
Employee Advances	(225)	-
Accrued vacation	46,495	53,192
Total adjustments	<u>220,348</u>	<u>197,473</u>
Net cash provided by operating activities	<u><u>\$ 178,506</u></u>	<u><u>\$ 303,988</u></u>

NORTH CAROLINA BOARD OF PHARMACY

Notes to Financial Statements

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

The North Carolina Board of Pharmacy (the "Board") is an independent State agency. It is an occupational licensing board and is authorized by Chapter 90 of the North Carolina General Statutes (NCGS). The Board is composed of six members who are appointed by the Governor, five after their election by North Carolina pharmacists, and one directly as the Board's public member. The Board is established to maintain minimum standards for the practice of pharmacy within the State of North Carolina. The Board's operations are funded primarily through license renewal and permit registration fees. The Board's operations are financed with self-generated revenues from fees charged to examinees and licensees.

Basis of Presentation

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

All activities of the Board are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Reporting Entity

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

Basis of Accounting

The basic financial statements of the Board are prepared using the economic resource measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when a liability has been incurred, regardless of the timing of the cash flows. The Board classifies its revenue and expenses as operating and non-operating in the accompanying Statements of Revenues, Expenses, and Changes in Net Position.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Board. Operating revenues consist primarily of license renewal fees and permits. Non-operating revenues and expenses consist of those revenues and expenses that are related to investing types of activities and are classified as non-operating in the financial statements.

Cash and Cash Equivalents

This classification includes cash on deposit and money market accounts with financial institutions. For purposes of reporting the statement of cash flows, the Board considers all highly liquid investments purchased with a maturity of three months or less as cash equivalents.

NORTH CAROLINA BOARD OF PHARMACY

Notes to Financial Statements

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

Investments

Investments consist of money market funds, certificates of deposit, and government securities invested through brokerage accounts and are reported at fair value. Investments maturing within the next fiscal year are shown as current. Board investment policies are in line with the State Treasurer under N.C.G.S. §147-69.1 regarding investment options.

Right-To-Use Leased Assets and Lease Liabilities

Leases that provide the Board the right to use an asset for a period of more than one year are considered a capital asset. Right-to-use leased assets are recorded at the initial measurement of the lease liability which equals the present value of all payments expected to be made during the lease term. The right-to-use leased assets are amortized on a straight-line basis over the term of the lease(s).

Lease liabilities represent the Board's financial obligation to make lease payments during the term of the lease and is measured at the present value of future lease payments.

Capital Assets

Capital assets are recorded at cost. The Board capitalizes assets that have a cost of \$2,000 or greater at the date of acquisition and an expected useful life in excess of one year. Depreciation is computed over estimated useful asset lives ranging from three to thirty-nine years using the straight-line method over the following useful lives:

Buildings and improvements	15 - 39 years
Furniture & fixtures	7 - 10 years
Equipment	3 - 5 years
Vehicles	5 years
Software	3 - 15 years

Vacation and Sick Leave

Board employees may accumulate up to 320 hours of earned vacation which is fully vested when earned. On December 31, accrued vacation in excess of the limit is transferred and added to sick leave balances. The Board's sick leave policy provides for an unlimited accumulation of earned sick leave. Unused sick leave is not paid upon termination of employment.

A liability for compensated absences is recognized for both vacation and sick leave that is more likely than not to be used or paid out. This is determined based on historical usage patterns and the Board's policies regarding leave.

Net Position

The Board's net position is classified as follows:

Net Investment in Capital Assets - This classification represents the Board's total investment in capital assets, net of accumulated depreciation.

NORTH CAROLINA BOARD OF PHARMACY
Notes to Financial Statements

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

Net Position (Continued)

Unrestricted - This classification represents assets with no external restriction as to use or purpose. Unrestricted net position is used for the general operations of the Board and may be used at the discretion of the governing board to meet current expenses for any purpose. The Board has reserved \$500,000 of the unrestricted net position to cover potential litigation costs, \$539,559 to cover IT infrastructure, and \$1,075,000 to cover insurance deductibles.

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

Investments reported at fair value at June 30, 2025 and 2024 consisted of the following:

	2025	2024
Money market funds	\$ 51,712	\$ 31,291
Traded certificates of deposit	695,408	1,607,308
Government securities	9,119,893	7,057,784
	<u>\$ 9,867,013</u>	<u>\$ 8,696,383</u>

Interest income totaled \$374,888 and \$284,688, for the years ended June 30, 2025 and 2024, respectively. Related investment fees totaled \$37,718 and \$34,067 for the years ended June 30, 2025 and 2024, respectively.

Interest rate risk: Interest rate risk is the risk that the Board may face should interest rate variances affect the fair value of investments. The Board minimizes this risk by investing only in certificates of deposit and government securities.

The anticipated maturities of the Board's fixed income investments as of June 30, 2025 were as follows:

0 - 2 years	\$ 5,334,458
2 - 5 years	4,480,843
	<u>\$ 9,815,301</u>

The weighted average maturities of the certificates of deposit are 1.26 years at June 30, 2025.

The weighted average maturities of the government securities are 3.57 years at June 30, 2025.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2025, the Board's money market funds and the traded certificates of deposit were unrated and the government securities are fully backed by the United States government.

NORTH CAROLINA BOARD OF PHARMACY

Notes to Financial Statements

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

At June 30, 2025, the Board had cash deposits and money market accounts that exceeded the Federal Deposit Insurance Corporation's (FDIC) limits of \$250,000 by \$2,222,091. In addition, government securities with a fair value of \$8,091,105 at June 30, 2025 are not insured by the FDIC. The Securities Investor Protection Corporation (SIPC) is a nonprofit membership corporation funded by its member securities broker-dealers. The SIPC insures against the loss or theft of securities as well as the failure or insolvency of the brokerage firm. At June 30, 2025, the Board owned investments that exceeded the SIPC limit of \$500,000 by \$8,875,466, which included multiple traded certificates of deposit investments totaling \$1,724,196 held in a brokerage account that were individually insured up to \$250,000 under FDIC at June 30, 2025.

NOTE 3 - FAIR VALUE MEASUREMENTS

Fair value, as defined under U.S. GAAP, is an exit price representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions. The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Board's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. The Board's investments at June 30, 2025 are all classified within the Level 2 fair value hierarchy.

NOTE 4 - OFFICER LIFE INSURANCE

The Board owns a life insurance policy jointly with the Executive Director. The amount recorded as note receivable - officer life insurance, represents the Board's equity in the policy, which totaled \$248,163 at June 30, 2025 and 2024.

NOTE 5 - COMPENSATED ABSENCES

Changes to compensated absences are as follows for the year ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024 Restated</u>
Beginning compensated absences	\$ 459,397	\$ 425,977
Compensated absences earned	376,989	349,445
Compensated absences used	(330,494)	(316,025)
Ending accrued vacation	<u>\$ 505,892</u>	<u>\$ 459,397</u>

NORTH CAROLINA BOARD OF PHARMACY
Notes to Financial Statements

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the Board for the year ended June 30, 2025, was as follows:

	Cost 6/30/2024	Additions	Disposals	Cost 6/30/2025
Capital Assets:				
Building	\$ 1,900,559	\$ -	\$ -	\$ 1,900,559
Building improvements	185,598	-	-	185,598
Furniture and fixtures	232,559	2,857	-	235,416
Equipment	260,790	9,320	-	270,110
Vehicles	300,472	-	-	300,472
Software	463,681	37,563	(16,745)	484,499
Total at historical cost	<u>3,343,659</u>	<u>49,740</u>	<u>(16,745)</u>	<u>3,376,654</u>
Less accumulated depreciation for:				
Building	1,022,428	48,820	-	1,071,248
Building improvements	60,398	6,749	-	67,147
Furniture and fixtures	224,425	2,570	-	226,995
Equipment	161,094	25,675	-	186,769
Vehicles	131,601	55,184	-	186,785
Software	212,032	31,134	(16,745)	226,421
Total accumulated depreciation	<u>1,811,978</u>	<u>170,132</u>	<u>(16,745)</u>	<u>1,965,365</u>
Total capital assets, net	<u>\$ 1,531,681</u>	<u>\$ (120,392)</u>	<u>\$ -</u>	<u>\$ 1,411,289</u>

Capital asset activity for the year ended June 30, 2024 was as follows:

	Cost 6/30/2023	Additions	Disposals	Cost 6/30/2024
Capital Assets:				
Building	\$ 1,900,559	\$ -	\$ -	\$ 1,900,559
Building improvements	188,154	-	(2,556)	185,598
Furniture and fixtures	230,440	2,119	-	232,559
Equipment	309,667	5,648	(54,525)	260,790
Vehicles	300,472	-	-	300,472
Software	438,618	25,063	-	463,681
Total at historical cost	<u>3,367,910</u>	<u>32,830</u>	<u>(57,081)</u>	<u>3,343,659</u>
Less accumulated depreciation for:				
Building	973,608	48,820	-	1,022,428
Building improvements	55,069	6,843	(1,514)	60,398
Furniture and fixtures	221,496	2,929	-	224,425
Equipment	183,711	31,908	(54,525)	161,094
Vehicles	73,781	57,820	-	131,601
Software	184,384	27,648	-	212,032
Total accumulated depreciation	<u>1,692,049</u>	<u>175,968</u>	<u>(56,039)</u>	<u>1,811,978</u>
Total capital assets, net	<u>\$ 1,675,861</u>	<u>\$ (143,138)</u>	<u>\$ (1,042)</u>	<u>\$ 1,531,681</u>

NORTH CAROLINA BOARD OF PHARMACY
Notes to Financial Statements

NOTE 7 - RIGHT-TO-USE LEASED ASSETS AND RELATED LEASE LIABILITIES

The Board signed lease agreements for office equipment including copiers. The leases have varying expiration dates ranging from 2025-2026.

Lease expenses were comprised of the following:

	2025	2024
Amortization expense by class of underlying asset:		
Office equipment	\$ 1,802	\$ 3,978
Interest on lease liabilities	136	291
Total lease expense	<u>\$ 1,938</u>	<u>\$ 4,269</u>

Right-to-use leased assets activity:

	6/30/2024	Additions	Subtractions	6/30/2025
Office equipment	\$ 10,152	\$ 5,981	\$ -	\$ 16,133
Less: Accumulated amortization	(7,167)	(1,802)	-	(8,969)
Right-to-use assets, net	<u>\$ 2,985</u>	<u>\$ 4,179</u>	<u>\$ -</u>	<u>\$ 7,164</u>

	6/30/2023	Additions	Subtractions	6/30/2024
Office equipment	\$ 14,162	\$ -	\$ (4,010)	\$ 10,152
Less: Accumulated amortization	(7,199)	(3,978)	4,010	(7,167)
Right-to-use assets, net	<u>\$ 6,963</u>	<u>\$ (3,978)</u>	<u>\$ -</u>	<u>\$ 2,985</u>

Lease liabilities were comprised of the following:

	6/30/2024	Additions	Subtractions	6/30/2025
Total lease liabilities	<u>\$ 3,137</u>	<u>\$ 7,715</u>	<u>\$ (3,591)</u>	<u>\$ 7,261</u>

	6/30/2023	Additions	Subtractions	6/30/2024
Total lease liabilities	<u>\$ 7,118</u>	<u>\$ -</u>	<u>\$ (3,981)</u>	<u>\$ 3,137</u>

Future lease payments are comprised of the following:

Years Ending June 30	Principal	Interest	Total Payments
2026	\$ 2,275	\$ 395	\$ 2,670
2027	1,427	298	1,725
2028	1,537	187	1,724
2029	2,022	68	2,090
	<u>\$ 7,261</u>	<u>\$ 948</u>	<u>\$ 8,209</u>

NORTH CAROLINA BOARD OF PHARMACY
Notes to Financial Statements

NOTE 8 - RETIREMENT PLANS

The Board contributes to the North Carolina Licensing Boards Retirement Savings Plan ("Plan"), a 401(k) defined contribution plan. The Plan has been established to provide retirement benefits for employees of State boards or agencies who have not elected by resolution to cause their employees to be eligible to become members of the Teachers' and State Employees' Retirement System and for employees hired after July 1, 1983, by an electing board or agency. The Plan is administered by an administrative committee comprised of the Executive Directors of the participating boards and agencies, with authority to amend the Plan.

Participating employees must contribute at least six percent of their gross compensation and the Board matches those contributions 100%. The employees' contributions are immediately 100% vested, and employees vest in the Board's matching contributions 20% per Plan year until they are fully vested. For vesting purposes, an employee must complete 1,000 hours of service each Plan year.

Each participant's account is credited with their individual contributions, the Board's matching contributions, Plan earnings, and forfeitures of terminated participants' non-vested accounts. Forfeitures, if any, may be used to fund employer contributions. Allocations are based on participant earnings and account balances, as defined. Each participant is entitled to the benefit which can be provided from the participant's account.

Participants may retire with fully vested benefits at age 65, or at age 55 after completing five years of service. Upon termination of service, participants receive the vested value of their account in a lump-sum distribution if their balance is less than \$7,000, otherwise they may keep their balance in the Plan.

Contributions to the Plan for the years ended June 30, 2025 and 2024 totaled \$377,841 and \$363,841, which consisted of \$151,270 and \$141,452, respectively, from the Board and \$226,570 and \$222,389, respectively, from employees.

During the years ended June 30, 2025 and 2024, the Board used \$0 in retirement forfeiture balances to offset retirement matching contributions, respectively.

NOTE 9 - RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and the destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board protects itself from exposures to loss through the purchase of commercial liability insurance. Tort claims against Board members are self-insured under the authority of the State Tort Claims Act. In addition, the State provides an additional coverage to the Board under the State's public officers' and employees' liability insurance contract.

NOTE 10 - COMMITMENTS

The Board entered into a five-year renewal agreement with Thoughtspan Technologies for continued support of the Board's web-based licensing information and online renewal system software. The total contract price of \$394,286 covers the annual fees for five years of support and maintenance. The fees are subject to an annual increase of 2%. The contract began January 2022 with the first annual fee totaling \$75,765.

NORTH CAROLINA BOARD OF PHARMACY
Notes to Financial Statements

NOTE 10 - COMMITMENTS (Continued)

The Board entered into an agreement with North Carolina Professionals Health Program (NCPHP), a non-profit corporation, to offer recovery programs for pharmacists in North Carolina, effective January 15, 2016. The agreement automatically renewed for successive one-year terms with an annual fee of \$250,000, until it was redone in June 2024 with an effective date of July 1, 2024. The new agreement includes a \$350,000 annual fee payable in quarterly installments. Payments to NCPHP for the year ended June 30, 2025 and 2024 totaled \$350,000 and \$250,000, respectively.

NOTE 11 - CHANGES IN FINANCIAL ACCOUNTING AND REPORTING

For the fiscal year ended June 30, 2025, the Board implemented the following pronouncements issued by the Governmental Accounting Standards Board (GASB):

GASB Statement No. 101, Compensated Absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences.

GASB Statement No. 104, Disclosure of Certain Capital Assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

NOTE 12 - IMPLEMENTATION OF NEW STANDARD

GASB 101 is effective for the fiscal years beginning after December 15, 2023. The adoption of GASB 101 changed the Board's financial reporting for compensated absences. Under GASB 101, a liability for compensated absences is required to be recognized in the financial statements if the leave is attributable to services already rendered; accumulates and can be carried forward to future reporting years; and has not been used. Using those parameters, the definition of compensated absences was broadened such that a liability for sick leave is now also calculated and included in the compensated absences liability.

NORTH CAROLINA BOARD OF PHARMACY
Notes to Financial Statements

NOTE 12 - IMPLEMENTATION OF NEW STANDARD (Continued)

The Board performed an analysis at year-end to determine the impact of the changes and they are presented in the table below:

	Previously Reported 2024	As Restated in 2024
Assets	<u>\$13,602,312</u>	<u>\$13,602,312</u>
Total Assets	<u>13,602,312</u>	<u>13,602,312</u>
Liabilities:		
Current liabilities:		
Compensated absences - current portion	-	377,028
Total Current Liabilities	<u>-</u>	<u>377,028</u>
Noncurrent liabilities:		
Compensated absences - noncurrent portion	<u>272,888</u>	<u>82,369</u>
Total Noncurrent Liabilities	<u>272,888</u>	<u>82,369</u>
Net Position:		
Invested in Capital Assets	1,531,529	1,531,529
Unrestricted	<u>11,750,404</u>	<u>11,563,895</u>
	<u>\$13,281,933</u>	<u>\$13,095,424</u>
 Total operating revenue	 \$ 4,944,883	 \$ 4,944,883
Total operating expenses	<u>4,804,949</u>	<u>4,838,368</u>
Operating income (loss)	<u>139,934</u>	<u>106,515</u>
Total non-operating revenues	<u>488,867</u>	<u>488,867</u>
Change in Net Position	<u>628,801</u>	<u>595,382</u>
Net Position - Beginning of Year	<u>12,653,132</u>	<u>12,500,042</u>
Net Position - End of Year	<u>\$13,281,933</u>	<u>\$13,095,424</u>

NOTE 13 - SUBSEQUENT EVENTS

Management of the Board evaluated subsequent events through September 18, 2025, which is the date the financial statements were available to be issued.

The audit was conducted in approximately 90 hours at a cost of \$20,000.