

NORTH CAROLINA BOARD OF ATHLETIC TRAINER EXAMINERS

**Financial Statements for the
Years Ended December 31, 2013 and 2012 and
Independent Auditor's Report**

NORTH CAROLINA BOARD OF ATHLETIC TRAINER EXAMINERS

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BOARD MEMBERS (2013)

Rick Proctor, Ed.D, LAT, Chairman

Paula Neal, LAT, Secretary

Scott Barringer, LAT

Kevin Burroughs, MD

Milan DiGiulio, MD

Janah Fletcher, LAT

Robby Johnston

EXECUTIVE OFFICER

Paola Learoyd, Executive Director

LEGAL COUNSEL

E. Ann Christian

NORTH CAROLINA BOARD OF ATHLETIC TRAINER EXAMINERS

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NORTH CAROLINA BOARD OF ATHLETIC TRAINER EXAMINERS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Board's financial report represents Management's analysis of the Board's financial performance during the years ending December 31, 2013 and 2012. Please read it in conjunction with the financial statements which follow this section.

Financial Highlights

During 2013, the Board's net position increased by \$66,595, or 30.4%, due primarily to a consistent recurrence of revenues exceeding expenses. During 2012, the Board's net position increased by \$61,574, or 39.1%, due primarily to a consistent recurrence of revenues exceeding expenses.

During 2013, the operating revenues of the Board increased by \$7,900, or 7.0%, due primarily to an increase in license renewals. During 2012, the operating revenues of the Board increased by \$2,600, or 2.4%, due primarily to an increase in license renewals.

During 2013, the non-operating revenues of the Board decreased by \$306, or 32.9%, due to a decrease in interest earnings rates. During 2012, the non-operating revenues of the Board increased by \$30, or 3.3%, due to additional interest earned on a certificate of deposit account.

During 2013, the operating expenses of the Board increased by \$2,573, or 4.9%, due primarily to the initial purchase of commercial insurance coverage. During 2012, the operating expenses of the Board increased by \$4,509, or 9.4%, due primarily to an increase in legal fees.

Overview of the Financial Statements

This financial report consists of two sections: Management's Discussion and Analysis and the Financial Statements. The Board has no other supplementary information required by Governmental Accounting Standards Board (GASB) Statement No. 34. The Financial Statements also include notes to the financial statements that provide detail of the information included in the financial statements.

Basic Financial Statements

The financial statements of the Board report information about the Board using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about the activities of the Board.

The Statements of Net Position present the current and long-term portions of assets and liabilities separately.

The Statements of Revenues, Expenses, and Changes in Net Position present information on how the Board's assets changed as a result of its operations.

The Statements of Cash Flows present information on how the Board's cash changed as a result of its financial activities.

NORTH CAROLINA BOARD OF ATHLETIC TRAINER EXAMINERS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Condensed Financial Information

The following presents condensed financial information on the operations of the Board:

	Current Year as of and for the year ended December 31, 2013	Current Year as of and for the year ended December 31, 2012
Current assets	\$ 308,277	\$ 244,131
Total assets	<u>\$ 308,277</u>	<u>\$ 244,131</u>
Current liabilities	\$ 22,488	\$ 24,937
Total liabilities	<u>\$ 22,488</u>	<u>\$ 24,937</u>
Unrestricted	\$ 285,789	\$ 219,194
Total net position	<u>\$ 285,789</u>	<u>\$ 219,194</u>
Operating revenues	\$ 120,875	\$ 112,975
Operating expenses	(54,904)	(52,331)
Operating income	\$ 65,971	\$ 60,644
Non-operating revenues	624	930
Change in net position	<u>\$ 66,595</u>	<u>\$ 61,574</u>

Events Affecting Future Operations

The Board has indicated it has no significant events affecting future operations which are reportable pursuant to GASB 34.

Contacting the Board's Management

This financial report is designed to provide a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives. If you have any questions about this report or need additional information, contact: North Carolina Board of Athletic Trainer Examiners, P.O. Box 10769, Raleigh, NC 27605.

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INDEPENDENT AUDITOR'S REPORT

Members of the Board
North Carolina Board of Athletic Trainer Examiners
Raleigh, North Carolina

Report on the Financial Statements

I have audited the accompanying financial statements and the related notes to the financial statements as listed in the table of contents of the North Carolina Board of Athletic Trainer Examiners (the "Board"), an agency of the State of North Carolina, as of December 31, 2013 and 2012.

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 an opinion on these financial statements based on the 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 audits 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 judgement, 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 an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the North Carolina Board of Athletic Trainer Examiners as of December 31, 2013 and 2012, and the results of its operations, 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.

INDEPENDENT AUDITOR'S REPORT (CONCLUDED)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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 historic 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 our inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the supplementary information because the limited procedures do not provide sufficient evidence to express an opinion or provide any assurance thereon.



Shelton L. Hawley, C.P.A., P.A.

Angier North Carolina

July 23, 2014

**NORTH CAROLINA BOARD OF ATHLETIC TRAINER EXAMINERS
STATEMENTS OF NET POSITION
DECEMBER 31, 2013 AND 2012**

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
	<u>Proprietary- Enterprise Fund</u>	<u>Proprietary- Enterprise Fund</u>
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 281,628	\$ 217,562
Investments (Note 2)	26,649	26,569
Total current assets	<u>308,277</u>	<u>244,131</u>
TOTAL ASSETS	<u>\$ 308,277</u>	<u>\$ 244,131</u>
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable	\$ 213	\$ 11,562
Unearned revenue (Note 4)	22,275	13,375
Total current liabilities	<u>22,488</u>	<u>24,937</u>
TOTAL LIABILITIES	<u>22,488</u>	<u>24,937</u>
NET POSITION (Note 3)		
Unrestricted net position	<u>285,789</u>	<u>219,194</u>
TOTAL NET POSITION	<u>285,789</u>	<u>219,194</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 308,277</u>	<u>\$ 244,131</u>

See notes to financial statements.

NORTH CAROLINA BOARD OF ATHLETIC TRAINER EXAMINERS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
	<u>Proprietary- Enterprise Fund</u>	<u>Proprietary- Enterprise Fund</u>
OPERATING REVENUES:		
Revenue from fees (including late fees)	\$ 120,875	\$ 112,975
Total operating revenues	\$ 120,875	\$ 112,975
OPERATING EXPENSES:		
Contractual management services (Note 5)	\$ 25,000	\$ 25,000
Board members expenses (including hearing expenses)	2,648	2,174
Staff travel expenses	173	85
Postage	637	634
Office supplies and printing	61	183
Telephone	1,739	1,634
Legal and audit fees	22,995	22,495
Insurance expense	1,396	
Miscellaneous expenses	255	126
Total operating expenses	\$ 54,904	\$ 52,331
Operating income (loss)	\$ 65,971	\$ 60,644
NON-OPERATING REVENUES (EXPENSES):		
Interest income	624	930
Total non-operating revenues	\$ 624	\$ 930
Change in net position	\$ 66,595	\$ 61,574
Net position - beginning of year	219,194	157,620
Net position - end of year	\$ 285,789	\$ 219,194

See notes to financial statements.

NORTH CAROLINA BOARD OF ATHLETIC TRAINER EXAMINERS
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
Cash flows from operating activities:		
Cash received from fees and other operating income	\$ 129,775	\$ 113,025
Cash payments for operating expenses	(66,253)	(47,430)
Net cash provided by operating activities	\$ 63,522	\$ 65,595
Cash flows from investing activities:		
Transfer of certificate(s) of deposit to (from) operating account	(80)	(134)
Interest on investments	\$ 624	\$ 930
Net cash provided by investing activities	\$ 544	\$ 796
Net increase in cash	\$ 64,066	\$ 66,391
Cash - beginning of year	217,562	151,171
Cash - end of year	\$ 281,628	\$ 217,562
Reconciliation of operating income		
to net cash provided by operating activities:		
Operating income (loss)	\$ 65,971	\$ 60,644
Adjustments to reconcile operating income		
to net cash provided by operating activities:		
Changes in assets and liabilities:		
Accounts payable	\$ (11,349)	\$ 4,901
Unearned revenue	8,900	50
Total adjustments	\$ (2,449)	\$ 4,951
Net cash provided by operating activities	\$ 63,522	\$ 65,595

See notes to financial statements.

NORTH CAROLINA BOARD OF ATHLETIC TRAINER EXAMINERS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Note 1 - Nature of Activities and Significant Accounting Policies

Description of Organization

The North Carolina Board of Athletic Trainer Examiners (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. The Board is composed of seven members who are appointed by the Governor and the General Assembly of the State of North Carolina.

The Board is established to maintain minimum standards for services provided by athletic trainers.

The Board's operations are financed with self-generated revenues from fees charged to licensees.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards. The Board applied all applicable Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989.

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

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of North Carolina because the State exercises oversight responsibility in that the Governor appoints the Board members, and public service is rendered within the State's boundaries. The accompanying financial statements present only the activity of the North Carolina Board of Athletic Trainer Examiners.

Basis of Accounting

In accordance with *Statement of Governmental Accounting Standards 34*, the Board herewith presents Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position; and Statements of Cash Flows. These statements reflect entity-wide operations of the Board. The Board has no fiduciary funds or component units.

NORTH CAROLINA BOARD OF ATHLETIC TRAINER EXAMINERS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

The Statements of Revenues, Expenses, and Changes in Net Position demonstrate the degree to which the direct expenses of the Board are offset by license fees.

The financial statements report all activities of the North Carolina Board of Athletic Trainer Examiners using the current financial resource measurement focus and the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recognized when incurred, if measurable.

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 fees. Non-operating revenues and expenses consist of those revenues and expenses that are related to investing activities and are classified as non-operating in the financial statements.

Cash and Cash Equivalents, and Investments

These classifications include undeposited receipts, petty cash, checking accounts and time deposits held by the Board. Certificates of deposits are considered investments for Statements of Net Position presentation.

Fair value of Financial Instruments

The carrying amounts of the Board's financial instrument's approximate their fair value.

Use of Estimates

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

Note 2 - Deposits and Investments

Deposits

All of the Board's deposits are insured by the financial institution holding said deposits. For deposits, custodial credit risk is the risk that in the event of the failure of the depository (or counterparty), the Board will not be able to recover the value of its deposits that are in the possession of the outside party. The Board does not have policies regarding custodial credit risk for deposits.

At December 31, 2013, the Board's deposits had a carrying amount of \$308,277 and a bank balance of \$314,797, which was covered by federal depository insurance. Certificates of deposit in the amount of \$26,649 are considered time deposits for this disclosure and are classified as investments on the Statements of Net Position. At December 31, 2012, the Board's deposits had a carrying amount of \$244,131 and a bank balance of \$240,831, which was covered by federal depository insurance. Certificates of deposit in the amount of \$26,569 are considered time deposits for this disclosure and are classified as investments on the Statements of Net Position.

NORTH CAROLINA BOARD OF ATHLETIC TRAINER EXAMINERS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Note 2 - Deposits and Investments (Continued)

Investments

At December 31, 2013 and 2012, the Board had the following investments and maturities.

Investment Type	December 31, 2013		December 31, 2012	
	Fair Value	6-24 Months	Fair Value	6-24 Months
Certificate of Deposit	\$ 26,649	26,649	26,569	26,569
Total	\$ 26,649	26,649	26,569	26,569

Interest rate risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the Board limits its investment in certificates of deposits to maturities of no more than 24 months.

Credit risk - State law limits the investments of the Board to certain types of investments, however the Board's present policy for managing credit risk is to limit its investments to certificates of deposits.

Custodial credit risk - For an investment, custodial credit risk is the risk that in the event of the failure of the depository (or counterparty), the Board will not be able to recover the value of its investments that are in the possession of the outside party. The Board does not have policies regarding custodial credit risk for investments.

Concentration of credit risk - The Board places no limit on the amount that it may invest in any one issuer. All of the Board's deposits and investments are with one financial institution.

Note 3 - Net Position

Net investment in capital assets- This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any loan proceeds that are attributable to the acquisition, construction, or improvement of those capital assets. The Board had no investment in capital assets.

Restricted net position - This component of net position consists of net position which the Board is legally or contractually obligated to spend in accordance with restrictions imposed by external parties. The Board had no restricted net position.

Unrestricted net position - This component of net position consists of net position that does not meet the definition of *restricted net position* or *net investment in capital assets*.

NORTH CAROLINA BOARD OF ATHLETIC TRAINER EXAMINERS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Note 4 - Unearned Revenue

The Board's fees are assessed and collected on a fiscal year basis, which corresponds with the Board's accounting period. Licenses are renewed for a period of one fiscal year. License renewal fees received in the latter part of the fiscal year are unearned and recognized as revenue over the one year period to which they relate.

Note 5 - Contractual Management Services

The Board does not have any employees. The Board contracts with a management consultant service to provide services for the Board. The contract includes all services related to the process of licensure application and renewal and various other secretarial duties. The Board also reimburses the management service for miscellaneous office supplies and expenses. Payments to the management service totaled \$26,082 during the fiscal year ended December 31, 2013. Payments to the management service totaled \$26,082 during the fiscal year ended December 31, 2012.

Note 6 - Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to, and the destruction of assets; errors and omissions; injuries to employees; and natural disasters. These exposures to loss are handled by participation in certain state-administered risk programs and self retention of certain risks. The Board purchased commercial insurance coverage during 2013.

Note 7 - Contingencies

Disciplinary Hearings

The Board is involved in occasional disciplinary hearings throughout the year which arise in the ordinary course of its operations. In the opinion of management of the Board, the results of such actions during the years under audit do not materially affect the Board's operations, changes in financial position, or cash flows for the years herein ended.

Note 8 - Subsequent Events

Subsequent events have been evaluated through July 23, 2014, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

This audit required 32 audit hours at a cost of \$3,300.