

# **NORTH CAROLINA BOARD OF PODIATRY EXAMINERS**

**Financial Statements for the  
Year Ended May 31, 2018 and  
Independent Auditor's Report**

# **NORTH CAROLINA BOARD OF PODIATRY EXAMINERS**

**Financial Statements for the  
Year Ended May 31, 2018 and  
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## **BOARD MEMBERS (2018)**

William J. O'Neill, DPM, President

Thurmond Eric Siceloff, DPM, Vice President

Christine R. Wright, DPM, Secretary-Treasurer

Tanzy B. Wallace, Public Member

## **BOARD ADMINISTRATOR**

Tracy Steadman, Executive Secretary

## **LEGAL COUNSEL**

Young Moore and Henderson, P.A.

# **NORTH CAROLINA BOARD OF PODIATRY EXAMINERS**

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# **NORTH CAROLINA BOARD OF PODIATRY 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 year ended May 31, 2018. Please read it in conjunction with the financial statements which follow this section.

### **Financial Highlights**

During 2018 the net position of the Board increased by \$1,624, or .58%, due primarily to an increase in revenues and a decrease in expenses during 2018.

During 2018, the operating revenues of the Board increased by \$4,687, or 4.70%, due primarily to an increase in individual renewals and exam fee income.

During 2018, the non-operating revenues of the Board increased by \$559, or 47.41%, due primarily to valuation adjustments to certificates of deposit in the secondary market.

During 2018, the operating expenses of the Board decreased by \$4,752, or 4.35%, due primarily to a decrease in website related expenses.

### **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 the Governmental Accounting Standards Board (GASB). The Financial Statements also include notes to the financial statements that provide detail of the information included in the 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 Statement of Net Position presents the current and long-term portions of assets and liabilities separately.

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

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

# **NORTH CAROLINA BOARD OF PODIATRY 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 May 31, 2018	Year as of and for the year ended May 31, 2017
Current assets	\$ 201,846	\$ 161,017
Other assets	100,069	150,514
Total assets	<u>\$ 301,915</u>	<u>\$ 311,531</u>
Current liabilities	\$ 22,143	\$ 33,383
Total liabilities	<u>\$ 22,143</u>	<u>\$ 33,383</u>
Unrestricted net position	\$ 279,772	\$ 278,148
Total net position	<u>\$ 279,772</u>	<u>\$ 278,148</u>
Operating revenues	\$ 104,325	\$ 99,638
Operating expenses	(104,439)	(109,191)
Operating income	(114)	(9,553)
Non-operating revenues	1,738	1,179
Change in net position	<u>\$ 1,624</u>	<u>\$ (8,374)</u>

# NORTH CAROLINA BOARD OF PODIATRY EXAMINERS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Financial Analysis

Net position is an indicator of the fiscal health of the Board. Assets exceeded liabilities by \$279,772 for the year ended May 31, 2018. The largest component of net position was cash and investments. The following is a summary of the Statement of Net Position.

	Current Year as of May 31, 2018	Year as of May 31, 2017	Amount of Change	Percentage Change
Current assets	\$ 201,846	\$ 161,017	\$ 40,829	\$ 25.36%
Other assets	100,069	150,514	(50,445)	-33.52%
Total assets	<u>\$ 301,915</u>	<u>\$ 311,531</u>	<u>\$ (9,616)</u>	<u>\$ -3.09%</u>
Current liabilities	\$ 22,143	\$ 33,383	\$ (11,240)	\$ -33.67%
Total liabilities	<u>\$ 22,143</u>	<u>\$ 33,383</u>	<u>\$ (11,240)</u>	<u>\$ -33.67%</u>
Unrestricted	\$ 279,772	\$ 278,148	\$ 1,624	\$ 0.58%
Total net position	<u>\$ 279,772</u>	<u>\$ 278,148</u>	<u>\$ 1,624</u>	<u>\$ 0.58%</u>

The following is a summary of the Statement of Revenues, Expenses, and Changes in Net Position

	The year ended May 31, 2018	The year ended May 31, 2017	Amount of Change	Percentage Change
Operating revenues	\$ 104,325	\$ 99,638	\$ 4,687	\$ 4.70%
Operating expenses	(104,439)	(109,191)	4,752	-4.35%
Non-operating revenues	1,738	1,179	559	47.41%
Change in net position	<u>\$ 1,624</u>	<u>\$ (8,374)</u>	<u>\$ 9,998</u>	<u>\$ 119.39%</u>
Ending net position	<u>\$ 279,772</u>	<u>\$ 278,148</u>	<u>\$ 1,624</u>	<u>\$ 0.58%</u>

## **NORTH CAROLINA BOARD OF PODIATRY EXAMINERS**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following is a breakdown of operating revenues by source.

	The year ended May 31, 2018	The year ended May 31, 2017	Amount of Change	Percentage Change
Individual renewal fees	\$ 78,775	\$ 76,950	\$ 1,825	\$ 2.37%
New individual licenses	2,075	1,942	133	6.85%
Corporate license renewals	5,450	5,537	(87)	-1.57%
New corporate licenses	458	212	246	116.04%
Late fee income	3,385	3,580	(195)	-5.45%
Exam fee income	11,550	9,100	2,450	26.92%
Mailing list income	2,400	2,100	300	14.29%
Other income	232	217	15	6.91%
Total	\$ 104,325	\$ 99,638	\$ 4,687	\$ 4.70%

The following is a breakdown of non-operating revenues by source.

	The year ended May 31, 2018	The year ended May 31, 2017	Amount of Change	Percentage Change
Interest income	\$ 1,738	\$ 1,179	\$ 559	\$ 47.41%
Total	\$ 1,738	\$ 1,179	\$ 559	\$ 47.41%

### **Events Affecting Future Operations**

A committee appointed by the North Carolina Legislature, The Joint Legislative Administrative Procedure Oversight Committee, has been performing a study concerning the deregulation, elimination and consolidation of occupational licensing boards in the State of North Carolina. The effect of any resulting legislation on the Board's operations in future years is not certain at this time.

### **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 Podiatry Examiners, 1500 Sunday Drive, Suite 102, Raleigh, NC 27607.

***Shelton L. Hawley, CPA, PA***  
**Certified Public Accountants**

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Angier, North Carolina 27501-1545

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**INDEPENDENT AUDITOR'S REPORT**

Members of the Board  
North Carolina Board of Podiatry Examiners  
Raleigh, North Carolina

***Report on the Financial Statements***

We have audited the accompanying financial statements of the North Carolina Board of Podiatry Examiners (the "Board"), an independent state board which is a nonmajor enterprise fund of the primary government of the State of North Carolina, as of and for the year ended May 31, 2018, and the related notes to the financial statements, which comprise the Board's financial statements 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 the financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on the audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 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 auditors consider 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the North Carolina Board of Podiatry Examiners as of May 31, 2018 and the results of its operations, changes in financial position, and cash flows for the year 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. 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 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

September 25, 2018

**NORTH CAROLINA BOARD OF PODIATRY EXAMINERS**  
**STATEMENT OF NET POSITION**  
**AS OF MAY 31, 2018**

	<b>May 31, 2018</b>
	<b>Proprietary- Enterprise Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents (Note 2)	\$ 196,333
Prepaid expenses (Note 1)	5,513
Total current assets	201,846
Other assets:	
Investments (Note 2)	\$ 99,833
Accrued interest receivable (on investments)	236
Total other assets	100,069
<b>TOTAL ASSETS</b>	<b>\$ 301,915</b>
<b>LIABILITIES AND NET POSITION</b>	
Current liabilities:	
Accounts payable (Note 4)	\$ 3,520
Unearned revenue (Note 1)	18,623
Total current liabilities	22,143
<b>TOTAL LIABILITIES</b>	<b>22,143</b>
<b>NET POSITION (NOTE 1)</b>	
Unrestricted net position	279,772
<b>TOTAL NET POSITION</b>	<b>279,772</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 301,915</b>

See notes to financial statements.

**NORTH CAROLINA BOARD OF PODIATRY EXAMINERS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED MAY 31, 2018**

	<b>2018</b>
	<b>Proprietary- Enterprise Fund</b>
OPERATING REVENUES:	
Fees, licenses, and fines:	
Individual renewal fees	\$ 78,775
New individual licenses	2,075
Corporate license renewals	5,450
New corporate licenses	458
Exam fee income	11,550
Late fee income	3,385
Other operating income:	
Mailing list income	2,400
Other income	232
Total operating revenues	\$ 104,325
OPERATING EXPENSES:	
Personal services (and board members expenses):	\$
Board per diem expense (including meals and transportation)	3,651
Supplies and materials:	
Office supplies expense	989
Services:	
Contracted management services - administrative fees (Note 5)	48,667
Staff travel expense	466
Legal and accounting fees	21,495
Information technology expense	3,490
Website and graphics expense	40
Copying expense	1,487
Mailing/postage expense	1,818
Telephone expense	521
Exam expense (including exam supplies, food supplies and rental space)	10,060
Bank charges (including merchant fees)	1,600

See notes to financial statements.

**NORTH CAROLINA BOARD OF PODIATRY EXAMINERS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED MAY 31, 2018**

	<u>2018</u>
	<u>Proprietary- Enterprise Fund</u>
OPERATING EXPENSES (CONTINUED)	
Insurance expense	10,145
Other expenses:	
Miscellaneous expense	10
Total operating expenses	<u>\$ 104,439</u>
Operating income	\$ (114)
NON-OPERATING REVENUES (EXPENSES):	
Interest income (including unrealized gain/loss on certificates of deposit in the secondary market) (Notes 1 and 2)	<u>\$ 1,738</u>
Total non-operating revenues	1,738
Change in net position	<u>\$ 1,624</u>
Net position - beginning of year	<u>278,148</u>
Net position - end of year	<u><u>\$ 279,772</u></u>

See notes to financial statements.

**NORTH CAROLINA BOARD OF PODIATRY EXAMINERS**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED MAY 31, 2018**

	<b>2018</b>
	<b>Proprietary- Enterprise Fund</b>
Cash flows from operating activities:	
Cash received from fees and other revenues	\$ 92,617
Cash payments for operating expenses	(104,085)
Net cash provided by operating activities	\$ (11,468)
Cash flows from investing activities:	
Transfers from investments	\$ 102,183
Transfers (to) investments	(51,836)
Interest earned from investments	1,836
Net cash provided by investing activities	\$ 52,183
Net increase in cash	\$ 40,715
Cash - beginning of year	155,618
Cash - end of year	\$ 196,333
Reconciliation of operating income	
to net cash provided by operating activities:	
Operating income	\$ (114)
Adjustments to reconcile operating income	
to net cash provided by operating activities:	
Changes in assets and liabilities:	
Prepaid expenses	\$ (114)
Accounts payable	468
Unearned revenue	(11,708)
Total adjustments	\$ (11,354)
Net cash provided by operating activities	\$ (11,468)

See notes to financial statements.

**NORTH CAROLINA BOARD OF PODIATRY EXAMINERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MAY 31, 2018**

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Note 1 - Nature of Activities and Significant Accounting Policies

**Description of Organization and Purpose**

The North Carolina Board of Podiatry Examiners (the "Board") is an independent state board. It is an occupational licensing board and is authorized by Chapter 90 of the North Carolina General Statutes. The Board is composed of four members who are appointed by the Governor of the State of North Carolina. It is a nonmajor enterprise fund of the primary government of the State of North Carolina and is reported as such in the State's Comprehensive Annual Financial Report (CAFR).

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

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

**Financial Reporting Entity**

The concept underlying the definition of the financial reporting entity is that elected officials are accountable to their constituents for their actions. As required by accounting principles generally accepted in the United States of America (GAAP), the financial reporting entity includes both the primary government and all of its component units. An organization other than a primary government serves as a nucleus for a reporting entity when it issues separate financial statements. The accompanying financial statements present all funds and activities for which the Board is responsible.

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

**Basis of Presentation**

The accompanying 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.

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.

**NORTH CAROLINA BOARD OF PODIATRY EXAMINERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MAY 31, 2018**

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

**Basis of Accounting**

The financial statements of the Board are prepared using the economic resource measurement focus and the accrual basis of accounting. The economic resource measurement focus measures all assets that are available to the entity, not only cash or soon to be assets. Both long-term assets and long-term liabilities are measured and depreciation is recorded as a cost of operations. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when a liability has been incurred, regardless of the timing of cash flows. Fees received for the various licenses are deemed earned when the license period begins.

The Statements of Revenues, Expenses, and Changes in Net Position classifies the Board's revenues as operating. 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 and includes activities that have characteristics of exchange transactions. Operating expenses are all expense transactions incurred other than those related to capital and noncapital financing or investing activities as defined by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Non-operating revenues and expenses consist of those revenues and expenses that are related to investing, capital, and non-capital financing activities; and are classified as non-operating in the financial statements.

**Cash and Cash Equivalents**

This classification includes undeposited receipts, petty cash, checking accounts and time deposits (excluding certain certificates of deposit) held by the Board.

**Investments**

The Board is authorized to invest idle funds in accordance with North Carolina General Statutes. This classification consists of certain certificates of deposits held by the Board for investment. Investments generally are reported at fair market value. Certificates of deposit are reported at cost (which is the same as fair value) if purchased in the primary certificate of deposit market, and at fair value if purchased in the secondary certificate of deposit market (as determined by quoted market prices). The net increase (decrease) in the fair value of investments for certificates of deposit is recognized as a component of investment interest income.

**Prepaid Expenses**

This classification includes prepaid insurance.

**Unearned Revenue**

The Board's fees are assessed and collected for fiscal periods which do not correspond with the Board's financial accounting period. License fees received in the latter part of the fiscal year are deferred and recognized as revenue over the periods to which they relate

**NORTH CAROLINA BOARD OF PODIATRY EXAMINERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MAY 31, 2018**

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

**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 capital assets at May 31, 2018.

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 at May 31, 2018.

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

**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 which are uninsured are uncollateralized [unless collateralized pursuant to NC Administrative Code (20 NCAC 7)] 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 a formal written policy regarding custodial credit risk for deposits.

At May 31, 2018, the Board's deposits in banks had a carrying amount of 296,166 and a bank balance of \$294,452, which was covered by federal depository insurance. Certificates of deposit in the amount of \$99,833 are considered time deposits for this disclosure and are classified as investments on the Statement of Net Position.

The Board had interest earnings of \$1,738 for the year ended May 31, 2018 (including an unrealized gain of \$129 on certificates of deposit in the secondary market).



**NORTH CAROLINA BOARD OF PODIATRY EXAMINERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MAY 31, 2018**

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Note 2 - Deposits and Investments (Continued)

**Investments**

The Board is subject to the following risks:

Interest rate risk - Interest rate risk is the risk the Board may face should interest rate variances affect the fair value of investments. As a means of limiting its exposure to fair value losses arising from interest rate variances, the Board limits its investments, if any, to certificates of deposits with maturities of no more than 36 months and to money market mutual funds.

Credit risk - Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. Investments of the Board are subject to the statutory requirements of North Carolina General Statutes, however the Board's present policy for managing credit risk is to limit its investments to certificates of deposits and money market mutual funds.

The following table presents fair value of investments by type and investment subject to interest rate risk and credit risk at May 31, 2018, for the Board's investments.

Investment Type	Fair Value	Properties of Debt Securities	
		Weighted Average Maturities	Ratings
Securities:			
Certificates of Deposit	\$ 99,833	13.5 Months	N/A

**Reconciliation of Deposits and Investments**

A reconciliation of deposits and investments for the Board to the basic financial statements at May 31, 2018 is as follows:

	May 31, 2018	
Carrying Amount of Bank Deposits	\$	196,333
Certificates of Deposits		99,833
Total Deposits and Investments	\$	296,166
Current:		
Cash and Cash Equivalents	\$	196,333
Noncurrent:		
Investments		99,833
Total Deposits and Investments	\$	296,166

**NORTH CAROLINA BOARD OF PODIATRY EXAMINERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MAY 31, 2018**

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Note 3 - Fair Value Measurements

Fair value, as defined under GASB 72, Fair Value Measurement and Application, is an exit price representing the price that would be received to sell or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

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

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

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

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

The following table sets forth by level the fair value hierarchy of the Board's financial assets and liabilities accounted for at fair value on a recurring basis as of May 31, 2018.

2018				
	Total			
	Fair Value	Level 1	Level 2	Level 3
Negotiable certificates of deposit	\$ 99,833	\$	\$ 99,833	\$

Note 4 - Accounts Payable

Accounts payable consists of amounts due to vendors in the ordinary operations of the Board. Accounts payable due in the ordinary operations of the Board which are due to other state agencies (if any) are reported separately.

	May 31, 2018
Due to Vendors	\$ 3,520
Total Accounts Payable	\$ 3,520

Note 5 - Contracted 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 clerical duties. The Board also reimburses the management service for telephone, printing, copying, postage and miscellaneous office supplies and expenses. Payments to the management service totaled \$55,847 during the fiscal year ended May 31, 2018.

**NORTH CAROLINA BOARD OF PODIATRY EXAMINERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MAY 31, 2018**

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Note 6 - Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These exposures to loss are handled by participation in state-administered risk programs and self retention of certain risks. Additionally, the Board protects itself from exposure to loss through the purchase of commercial insurance coverage. There have been no significant reductions in insurance coverage from coverage in the prior year, and no insurance claims were filed during the last three fiscal years.

Note 7 - Contingencies

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 year under audit do not materially affect the Board's operations, changes in financial position, or cash flows for the year herein ended.

Note 8 - Subsequent Events

Subsequent events have been evaluated through September 25, 2018, 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.

Note 9 - North Carolina Legislative Statutory Disclosure Requirement Concerning Audit Fees

This audit required 52 audit hours at a cost of \$5,250.