

NORTH CAROLINA VETERINARY MEDICAL BOARD

Keith West
Executive Director
Matthew W. Skidmore
Board Attorney



Azure D. Holland, DVM - President
Raleigh
Edward L. Faulkner- Vice President
Waxhaw
Andrea Gentry-Apple, DVM- Secretary/Treasurer
Mebane
Allen L. Cannedy, DVM
Hillsborough
Robin A. Lazaro, RVT
Raleigh
Ronald J. Komich, DVM
Greensboro
Timothy Gold,
Conover
Michael Martin, DVM
Raleigh

December 3, 2025

Re: Annual Report / July 1, 2024 – June 30, 2025 N.C. General Statute § 93B-2(a)

To whom it may concern:

Please let this letter serve as the annual report, other than the annual financial report, for the fiscal year 2024-2025 for the North Carolina Veterinary Medical Board.

The following paragraph numbers conform to the corresponding numbers of the statute:

- (1) The address of the Board and the names of its members and officers: The address of the Board was 1611 Jones Franklin Road, Suite 106, Raleigh, NC 27606; the mailing address was the same. The members, with officer designation, were Azure Holland, D.V.M. President; Allen Cannedy, D.V.M., Vice-President; Robin Lazaro R.V.T., Secretary, Ronald J. Komich, D.V.M., Andrea Gentry-Apple, D.V.M., Edward Faulkner D.V.M., Michael Martin, D.V.M. and Mr. Tim Gold.
 - (1a) The total number of licensees supervised by the Board.

A. Veterinarians:	5,862
B. Technicians:	2,207
 - (2) The number of persons who applied to the Board for examination:

A. Veterinarians:	433
B. Technicians:	225
 - (3) The number of persons who were refused examination:

A. Veterinarians:	1
B. Technicians:	0

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- (4) The number who took the examination:
- A. Veterinarians: 408
 - B. Technicians: 202
- (5) The number to whom initial licenses were issued:
- A. Veterinarians: 408
 - B. Technicians: 202
- (5a) The number who failed the examination:
- A. Veterinarians: 0
 - B. Technicians: 0
- (6) The number who applied for license by reciprocity or comity:
- A. Veterinarians: 0
 - B. Technicians: 0
- (7) The number who were granted licenses by reciprocity or comity:
- A. Veterinarians: 0
 - B. Technicians: 0
- (7a) The number of official complaints received involving licensed and unlicensed activities:
- A. Veterinarians: 118
 - B. Technicians: 0
 - C. Unlicensed: 21
- (7b) The number of disciplinary actions taken against licensees, or other actions taken against non-licensees, including injunctive relief:
- A. Veterinarians: 37 (23 Letters of Caution, 13 Letters of Reprimand, and 1 Consent Order)
 - B. Technicians: 0
 - C. Unlicensed: 21 (Letters informing the individual of the Veterinary Practice Act were sent and follow up was conducted to ensure compliance)
- (8) The number of licenses suspended or revoked:
- A. Veterinarians: 247
 - B. Technicians: 93

(9) The number of licenses terminated for any reason other than failure to pay the required fee:

A. Veterinarians: 0

B. Technicians: 0

(9a) The number of applicants for a license and, of that number, the number granted a license.

A. Veterinarians: 433/408

B. Technicians: 225/202

(9b) The number of applicants with a conviction record and, of that number the number granted a license, denied a license for any reason, and denied a license because of a conviction.

The Board does conduct a criminal background check on all applicants. No person was denied licensure based on the results of a criminal background check.

(9c) The number of applicants who are active-duty military or military veterans, the number granted a license, the number denied a license for any reason, and a summary of the reasons for denial.

A. Veterinarians: 13 applicants/13 licenses granted

B. Technicians: 2 applicants/2 licenses granted

(9d) The number of applicants who are military spouses, the number granted a license, the number denied a license for any reason, and a summary of the reasons for denial.

A. Veterinarians: 18 applicants/18 licenses granted

B. Technicians: 9 applicants/9 licenses granted

(10) The substance of any anticipated request by the Board to the General Assembly to amend statutes:

GS 90-181 Change definition of veterinary technician.
Add to the definition to allow VTS to become registered and allow graduates of the PAVE program to register as veterinary technicians.
Add definitions about levels of supervision for veterinary staff.

GS 90-186 Add summary emergency authority.

GS 90-187.3 Revise requirements for applicants in another state.

GS 90-187.4 Add Temporary Permit provision for veterinarians during a state of emergency.

GS 90-187.5 Change the wording of the statute to allow for the use of expired for individuals who license or registration expires.

GS 90-187.6 Add Temporary Permit provision for registered veterinary technicians during a state of emergency. Update the types of services veterinary staff can provide.

- (11) The substance of any anticipated change in rules or anticipated adoption of new rules:

Periodic rules review anticipated through December 2027.

Please let me know if any additional information is required.

Very truly yours,

A handwritten signature in black ink that reads "Keith West" with a long horizontal flourish extending to the right.

Keith West
Executive Director



Financial Statements

for

**NORTH CAROLINA VETERINARY
MEDICAL BOARD**

Years Ended June 30, 2025 and 2024
with Independent Auditor's Report

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Independent Auditor's Report

To the Board of Directors
North Carolina Veterinary Medical Board
Raleigh, North Carolina

Opinion

We have audited the financial statements of the North Carolina Veterinary Medical Board (the Board), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Board, as of June 30, 2025 and 2024, and the respective 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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 Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 GAAS 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 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.

Board of Directors
North Carolina Veterinary Medical Board
Independent Auditor's Report, continued

In performing an audit in accordance with GAAS, 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 that we identified during the audit.

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 is the responsibility of management and, 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 GAAS, 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.

Dean Dotson Allen Ford, PLLC

Raleigh, North Carolina
November 5, 2025

NORTH CAROLINA VETERINARY MEDICAL BOARD
Management's Discussion and Analysis
June 30, 2025 and 2024
(unaudited)

The following is a discussion and analysis of the North Carolina Veterinary Medical Board's (the Board) financial performance for the fiscal year ended June 30, 2025. Please read it in conjunction with the financial statements which follow this section.

Financial Highlights

The operating revenues of the Board decreased \$14,888 or 1.00%, due primarily to decreased hospital inspection fees.

The operating expenses of the Board decreased by \$69,764 or 5.88%, due to decreased salaries.

Overview of the Financial Statements

This discussion and analysis is an introduction to the Board's financial statements, which are comprised of two components: 1) financial statements, and 2) notes to the financial statements.

Financial Statements

The financial statements of the Board report information about the Board using accounting methods similar to those used by private sector companies.

The Statements of Net Position present the 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 the years' operations.

The Statements of Cash Flows present information on how the Board's cash changed as a result of the years' activity.

NORTH CAROLINA VETERINARY MEDICAL BOARD
Management's Discussion and Analysis, continued
June 30, 2025 and 2024
(unaudited)

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

	As of and for the Year Ended <u>June 30, 2025</u>	As of and for the Year Ended <u>June 30, 2024</u>
Current assets	\$ 2,430,333	\$ 2,021,665
Capital assets, net of depreciation	426,842	446,825
Non-current assets	<u>1,090,287</u>	<u>1,022,254</u>
Total assets	3,947,462	3,490,744
Current liabilities	677,785	619,775
Non-current liabilities	<u>15,224</u>	<u>38,261</u>
Total liabilities	693,009	658,036
Investment in capital assets	426,842	446,825
Unrestricted net position	<u>2,827,611</u>	<u>2,385,883</u>
Total net position	\$ <u>3,254,453</u>	\$ <u>2,832,708</u>
Operating revenues	\$ 1,467,720	\$ 1,482,608
Operating expenses	<u>1,115,898</u>	<u>1,185,662</u>
Operating income	351,822	296,946
Non-operating revenues	<u>69,923</u>	<u>77,707</u>
Change in net position	\$ <u>421,745</u>	\$ <u>374,653</u>

Capital Assets

Investment in capital assets totaled \$426,842 and \$446,825 (net of accumulated depreciation) as of June 30, 2025 and 2024, respectively.

Events Affecting Future Operations

The Board's future is determined on the rate at which veterinarians are licensed in North Carolina. Due to increasing demand for veterinary services, the number of renewals and new applications should continue to increase moderately.

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 and expends. If you have any questions about this report or need additional information, contact: North Carolina Veterinary Medical Board, 1611 Jones Franklin Road, Suite 106, Raleigh, North Carolina 27606.

NORTH CAROLINA VETERINARY MEDICAL BOARD

Statements of Net Position

June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Current assets:		
Cash	\$ 2,403,891	\$ 2,011,948
Prepaid expenses	<u>26,442</u>	<u>9,717</u>
Total current assets	2,430,333	2,021,665
Capital assets, net of depreciation:		
Land	150,000	150,000
Building and improvements	273,827	288,471
Furniture and office equipment	<u>3,015</u>	<u>8,354</u>
Total capital assets, net of depreciation	426,842	446,825
Non-current assets:		
Investments	<u>1,090,287</u>	<u>1,022,254</u>
Total assets	<u>\$ 3,947,462</u>	<u>\$ 3,490,744</u>
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 21,666	\$ 18,673
Withheld and accrued payroll taxes	395	726
Unearned revenue	652,188	596,085
SEP retirement contribution payable	<u>3,536</u>	<u>4,291</u>
Total current liabilities	677,785	619,775
Non-current liabilities:		
Accrued vacation	<u>15,224</u>	<u>38,261</u>
Total liabilities	693,009	658,036
Net position:		
Investment in capital assets	426,842	446,825
Unrestricted net position	<u>2,827,611</u>	<u>2,385,883</u>
Total net position	<u>\$ 3,254,453</u>	<u>\$ 2,832,708</u>

See accompanying notes.

NORTH CAROLINA VETERINARY MEDICAL BOARD

Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating revenues:		
License and renewal fees	\$ 1,220,173	\$ 1,224,490
Examination and application fees	116,150	112,750
Hospital inspection fees	16,500	103,775
Temporary permits	15,355	13,600
Service verifications	8,964	8,112
Reinstatement fees	3,400	3,400
Facility permits	68,475	-
Reimbursement	1,945	-
Miscellaneous income	<u>16,758</u>	<u>16,481</u>
Total operating revenues	1,467,720	1,482,608
Operating expenses:		
Salaries	436,408	515,616
Legal, audit, and other professional fees	265,256	186,428
Contractual services - Impairment Fund	67,500	67,500
Employee benefits	65,280	118,490
Travel	59,696	50,596
Office supplies	52,747	58,212
Online processing fees	38,172	38,386
Payroll taxes	37,250	36,928
Board members and meeting expenses	23,594	13,732
Insurance and bonding	21,363	47,311
Depreciation	19,983	22,258
Building operating expenses	7,141	7,348
Telephone and internet	7,055	7,330
Office equipment rental and maintenance	6,096	4,599
Miscellaneous	3,886	1,658
Postage and shipping	2,564	2,223
Computer support	<u>1,907</u>	<u>7,047</u>
Total operating expenses	<u>1,115,898</u>	<u>1,185,662</u>
Income from operations	351,822	296,946
Non-operating revenues (expenses):		
Interest and dividend income	81,332	53,434
Unrealized (loss) gain on investments	<u>(11,409)</u>	<u>24,273</u>
Total non-operating revenues (expenses)	<u>69,923</u>	<u>77,707</u>
Change in net position	421,745	374,653
Net position, beginning of year	<u>2,832,708</u>	<u>2,458,055</u>
Net position, end of year	<u>\$ 3,254,453</u>	<u>\$ 2,832,708</u>

See accompanying notes.

NORTH CAROLINA VETERINARY MEDICAL BOARD

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 and other income	\$ 1,523,823	\$ 1,502,033
Cash payments to employees for services	(563,060)	(669,521)
Cash payments for operating expenses	<u>(570,710)</u>	<u>(481,949)</u>
Net cash provided by operating activities	390,053	350,563
Cash flows from investing activities:		
Purchase of investments	(79,442)	(51,748)
Interest and dividend income	<u>81,332</u>	<u>53,434</u>
Net cash provided by investing activities	<u>1,890</u>	<u>1,686</u>
Net increase in cash	391,943	352,249
Cash, beginning of year	<u>2,011,948</u>	<u>1,659,699</u>
Cash, end of year	\$ <u>2,403,891</u>	\$ <u>2,011,948</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	\$ 351,822	\$ 296,946
Adjustments:		
Depreciation	19,983	22,258
Changes in assets and liabilities:		
Prepaid expenses	(16,725)	9,995
Accounts payable	2,993	491
Withheld and accrued payroll taxes	(331)	390
Unearned revenue	56,103	19,425
SEP retirement contribution payable	(755)	(3,516)
Accrued vacation	<u>(23,037)</u>	<u>4,574</u>
Net cash provided by operating activities	\$ <u>390,053</u>	\$ <u>350,563</u>

See accompanying notes.

NORTH CAROLINA VETERINARY MEDICAL BOARD

Notes to the Financial Statements

1. Description of the Organization

The North Carolina Veterinary Medical Board (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 eight members who are appointed by the Governor, the General Assembly, and the Commissioner of Agriculture 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 *Annual Comprehensive Financial Report (ACFR)*.

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

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

2. Summary of Significant Accounting Policies

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 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 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 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 VETERINARY MEDICAL BOARD

Notes to the Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Basis of Accounting

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

The financial statements report all activities of the Board using 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 consist of those revenues that are related to investing types of activities and are classified as non-operating in the financial statements.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Company considers all highly liquid investments with a maturity, at time of purchase, of three months or less to be cash equivalents.

Capital Assets

Capital assets are stated at cost and are being depreciated over their useful lives on a straight-line basis. The Board capitalizes assets that have a value or cost of \$2,500 or greater at the date of acquisition and an estimated useful life of more than one year. Depreciation is computed using the straight-line method of depreciation over the estimated useful lives of the assets, generally estimated as follows: building, 40 years; furniture and equipment, 5 to 7 years.

Investments

Investments are carried at fair value. Fair values are based on readily available market quotes. The Board has yet to adopt an investment policy.

Compensated Absences (Vacation and Sick Leave)

Board employees may accumulate up to thirty days earned vacation and such leave is fully vested when earned. At year end, accrued vacation in excess of the limits are transferred and added to sick leave balances. Accumulated earned vacation payable at June 30, 2025 and 2024 was \$15,224 and \$38,261, respectively.

The Board's sick leave policy provides for an unlimited accumulation of earned sick leave. Since the Board has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

NORTH CAROLINA VETERINARY MEDICAL BOARD

Notes to the Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Unearned Revenue

The Board's fees are assessed and collected on both an annual and a biennial basis, some of which correspond with the Board's accounting period and some of which correspond with the calendar year. License renewal fees received in the latter part of the fiscal year are deferred and recognized as revenue over the periods to which they relate.

Net Position

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.

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. As of June 30, 2025 and 2024, 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 or investment in capital assets*.

Use of Estimates

The presentation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Management evaluated subsequent events for accounting and disclosure requirements through November 5, 2025, which is the date the financial statements were available to be issued.

3. Concentration of Risk

Custodial Credit Risk. The Board maintains a demand deposit at one commercial bank in North Carolina. At June 30, 2025 and 2024, the Board had carrying amounts of \$2,403,891 and \$2,011,724, respectively, and bank balances of \$2,415,826 and \$2,046,617, respectively. Of these bank balances, which include a non-interest bearing checking account, \$250,000 was covered by federal depository insurance and \$2,165,826 and \$1,796,617, respectively, were uninsured.

NORTH CAROLINA VETERINARY MEDICAL BOARD

Notes to the Financial Statements, continued

4. Capital Assets

Changes in capital assets as of and for the years ended June 30, 2025 and 2024 are as follows:

	Cost 6/30/2024	Acquisitions	Disposals	Cost 6/30/2025	Accumulated Depreciation	Net Amount
Land	\$ 150,000	\$ -	\$ -	\$ 150,000	\$ -	\$ 150,000
Buildings/improvements	561,256	-	-	561,256	287,429	273,827
Furniture/equipment	<u>76,678</u>	<u>-</u>	<u>-</u>	<u>76,678</u>	<u>73,663</u>	<u>3,015</u>
	<u>\$ 787,934</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 787,934</u>	<u>\$ 361,092</u>	<u>\$ 426,842</u>

	Cost 6/30/2023	Acquisitions	Disposals	Cost 6/30/2024	Accumulated Depreciation	Net Amount
Land	\$ 150,000	\$ -	\$ -	\$ 150,000	\$ -	\$ 150,000
Buildings/improvements	561,256	-	-	561,256	272,785	288,471
Furniture/equipment	<u>80,970</u>	<u>-</u>	<u>4,292</u>	<u>76,678</u>	<u>68,324</u>	<u>8,354</u>
	<u>\$ 792,226</u>	<u>\$ -</u>	<u>\$ 4,292</u>	<u>\$ 787,934</u>	<u>\$ 341,109</u>	<u>\$ 446,825</u>

When an asset is disposed of, the cost of the asset and the related accumulated depreciation are removed from the books. Any gain or loss on disposition is reflected in earnings for the period. Depreciation expense was \$19,983 and \$22,258 for the years ended June 30, 2025 and 2024, respectively.

5. Investments

Investments are carried on the books at fair value at June 30, 2025 and 2024 as follows:

	Carrying value	Cost	Unrealized gain
June 30, 2025:			
Mutual funds	<u>\$ 1,090,287</u>	<u>\$ 1,052,076</u>	<u>\$ 38,211</u>
June 30, 2024:			
Mutual funds	<u>\$ 1,022,254</u>	<u>\$ 994,752</u>	<u>\$ 27,502</u>

Dividend and interest income for the years ended June 30, 2025 and 2024 was \$81,332 and \$53,434, respectively. Net unrealized losses totaled \$11,409 and for the year ended June 30, 2025. Net unrealized gains totaled \$24,273 for the year ended June 30, 2024.

NORTH CAROLINA VETERINARY MEDICAL BOARD

Notes to the Financial Statements, continued

6. Disclosure About Fair Value Measurements

Fair value is defined as the price that would be received for an asset or the exit price that would be paid to transfer a liability in an orderly transaction between market participants on the measurement date. The organization utilizes market data or assumptions that market participants would use in pricing the asset or liability. A three-tier fair value hierarchy is used to prioritize 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 following table sets forth the financial assets and liabilities as of June 30, 2025 and 2024 that were measured at fair value on a recurring basis by level within the fair value hierarchy. Assets and liabilities measured at fair value are classified in their entirety based on the lowest level of input that is significant to their fair value measurement:

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organizations are open ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Board are deemed to be actively traded.

		Fair Value Measurements Using		
	Balance at June 30, 2025	Level 1	Level 2	Level 3
Mutual funds	<u>\$ 1,090,287</u>	<u>\$ 1,090,287</u>	<u>\$ -</u>	<u>\$ -</u>
	Balance at June 30, 2024	Level 1	Level 2	Level 3
Mutual funds	<u>\$ 1,022,254</u>	<u>\$ 1,022,254</u>	<u>\$ -</u>	<u>\$ -</u>

7. Insurance

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. Tort claims of Board members up to \$1,000,000 are self-insured by the State under the authority of the State Tort Claims Act. Additional coverage is provided to the Board under the State's public officers' and employees' liability insurance contract with a private insurance company.

8. Leases

The Board leases office equipment. Total rent expense charged to operations under the lease agreements was \$6,096 and \$4,599 for the years ended June 30, 2025 and 2024, respectively.

NORTH CAROLINA VETERINARY MEDICAL BOARD

Notes to the Financial Statements, continued

9. Pension Plan

The Board has a Simplified Employee Pension Plan for employees of the Board. Four employees were covered under the plan. Only the Board contributes to the plan, and only the Board has the authority to authorize and amend the plan. The Board's pension contribution amounted to \$6,516 and \$18,248 for the years ended June 30, 2025 and 2024, respectively. The Board had outstanding liabilities to the plan in the amount of \$3,536 and \$4,291 at June 30, 2025 and 2024, respectively.

10. 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.

11. Contingencies

The Board is involved in a number of 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 year herein ended.

12. Payments to Impairment Fund

The Board contributes to the North Carolina Physicians Health Program, Inc. (the "Program"), pursuant to a contractual agreement with the Program. The Board paid into the Program \$67,500 for the years ended June 30, 2025 and 2024. These payments were made to benefit veterinarians in need of the services of the Program. The Program was created in accordance with North Carolina General Statute 90-21.22.

According to the Federation of State Physician Health Programs, Inc., the purpose of a physician health program is to "provide a non-disciplinary therapeutic program for health care practitioners with health conditions which may compromise their ability to practice with reasonable skill and safety." A memorandum of understanding between the North Carolina Medical Board (Medical Board) and the North Carolina Medical Society (Medical Society) establishes the provisions for administering the Program. The memorandum also establishes the North Carolina Physicians Health Program, Inc., a nonprofit affiliate organization of the Medical Society, as the Program's administrator. The North Carolina Physicians Health Program, Inc. has a 15-member Board of Directors that consists of five members from the Medical Society, three members from the Medical Board, and seven members from other health care provider organizations.