

NORTH CAROLINA BOARD OF ATHLETIC TRAINER EXAMINERS

**Financial Statements for the
Years Ended December 31, 2015 and 2014 and
Independent Auditor's Report**

NORTH CAROLINA BOARD OF ATHLETIC TRAINER EXAMINERS

Financial Statements for the Years Ended December 31, 2015 and 2014 and Independent Auditor's Report

BOARD MEMBERS (2015)

Kevin Allran, LAT, Chairman

Scott Barringer, LAT, Vice Chairman

Janah Fletcher, LAT, Secretary/Treasurer

Kevin Burroughs, MD

Milan DiGiulio, MD

Erin R. Hogston

Carrie Rubertino Shearer, LAT

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 ended December 31, 2015 and 2014. Please read it in conjunction with the financial statements which follow this section.

Financial Highlights

During 2015, the Board's net position increased by \$60,890, or 17.6%, due primarily to a consistent recurrence of revenues exceeding expenses. During 2014, the Board's net position increased by \$60,464, or 21.2%, due primarily to a consistent recurrence of revenues exceeding expenses.

During 2015, the operating revenues of the Board increased by \$11,450, or 8.8%, due primarily to an increase in license renewals. During 2014, the operating revenues of the Board increased by \$9,500, or 7.9%, due primarily to an increase in license renewals.

During 2015, the non-operating revenues of the Board increased by \$552, or 70.6%, due primarily to an increase in interest earnings rates. During 2014, the non-operating revenues of the Board increased by \$158, or 25.3%, due to an increase in cash on hand.

During 2015, the operating expenses of the Board increased by \$11,576, or 16.4%, due primarily to an increase in board members expenses, professional fees and credit card processing fees. During 2014, the operating expenses of the Board increased by \$15,789, or 28.8%, due primarily to the initial incurrence of website and website database 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 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, 2015	Current Year as of and for the year ended December 31, 2014
Current assets	\$ 191,751	\$ 232,198
Other assets	250,522	150,339
Total assets	<u>\$ 442,273</u>	<u>\$ 382,537</u>
Current liabilities	\$ 35,130	\$ 36,284
Total liabilities	<u>\$ 35,130</u>	<u>\$ 36,284</u>
Unrestricted net position	\$ 407,143	\$ 346,253
Total net position	<u>\$ 407,143</u>	<u>\$ 346,253</u>
Operating revenues	\$ 141,825	\$ 130,375
Operating expenses	(82,269)	(70,693)
Operating income	\$ 59,556	\$ 59,682
Non-operating revenues	1,334	782
Change in net position	<u>\$ 60,890</u>	<u>\$ 60,464</u>

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 North Carolina Board of Athletic Trainer Examiners is presently being considered for elimination primarily due to erroneous raw input data used in a report prepared by the Program Evaluation Division of the Legislative Services Office of the North Carolina General Assembly. The continuation of the Board's operations in future years is not certain at this time, however, the Board's financial operations, being financially solvent, do not meet the criteria for reporting its financial operations using the going concern liquidation method of accounting.

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

We 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 independent state agency which is a nonmajor enterprise fund of the primary government of the State of North Carolina, as of December 31, 2015 and 2014.

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

Our responsibility is to express an opinion on these financial statements based on the audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 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 Athletic Trainer Examiners as of December 31, 2015 and 2014, 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. 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

April 21, 2016

NORTH CAROLINA BOARD OF ATHLETIC TRAINER EXAMINERS
STATEMENTS OF NET POSITION
DECEMBER 31, 2015 AND 2014

	December 31, 2015	December 31, 2014
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 140,536	\$ 182,176
Investments (Note 2)	50,361	50,017
Accrued interest receivable	3	5
Prepaid expense	851	
Total current assets	191,751	232,198
Other assets:		
Investments (Note 2)	\$ 250,366	\$ 150,320
Accrued interest receivable	156	19
Total other assets	250,522	150,339
TOTAL ASSETS	\$ 442,273	\$ 382,537
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable	\$ 8,255	\$ 11,634
Unearned revenue (Note 4)	26,875	24,650
Total current liabilities	35,130	36,284
TOTAL LIABILITIES	35,130	36,284
NET POSITION (Note 3)		
Unrestricted net position	407,143	346,253
TOTAL NET POSITION	407,143	346,253
TOTAL LIABILITIES AND NET POSITION	\$ 442,273	\$ 382,537

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, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
	<u>Proprietary- Enterprise Fund</u>	<u>Proprietary- Enterprise Fund</u>
OPERATING REVENUES:		
Revenue from fees (including late fees)	\$ 141,825	\$ 130,375
Total operating revenues	\$ 141,825	\$ 130,375
OPERATING EXPENSES:		
Contractual management services (Note 5)	\$ 25,000	\$ 25,000
Board members expenses (including hearing expenses)	5,453	1,927
Staff travel expenses	253	168
Postage	1,292	576
Office supplies and printing	57	606
Telephone	1,180	1,256
Legal and audit fees	26,973	23,350
Insurance expense	8,620	1,499
Website management expenses	198	3,798
Computer support (including database expenses)	8,995	11,057
Storage	1,236	1,135
Credit card processing fees	3,004	321
Miscellaneous expenses	<u>8</u>	<u></u>
Total operating expenses	\$ 82,269	\$ 70,693
Operating income (loss)	\$ 59,556	\$ 59,682
NON-OPERATING REVENUES (EXPENSES):		
Interest income	<u>1,334</u>	<u>782</u>
Total non-operating revenues	\$ 1,334	\$ 782
Change in net position	<u>\$ 60,890</u>	<u>\$ 60,464</u>
Net position - beginning of year	<u>346,253</u>	<u>285,789</u>
Net position - end of year	<u>\$ 407,143</u>	<u>\$ 346,253</u>

See notes to financial statements.

NORTH CAROLINA BOARD OF ATHLETIC TRAINER EXAMINERS
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
Cash flows from operating activities:		
Cash received from fees and other operating income	\$ 144,050	\$ 132,750
Cash payments for operating expenses	(86,499)	(59,272)
Net cash provided by operating activities	\$ 57,551	\$ 73,478
Cash flows from investing activities:		
Transfer of certificate(s) of deposit to (from) operating account	(100,390)	(173,688)
Interest on investments	\$ 1,199	\$ 758
Net cash provided by investing activities	\$ (99,191)	\$ (172,930)
Net increase in cash	\$ (41,640)	\$ (99,452)
Cash - beginning of year	182,176	281,628
Cash - end of year	\$ 140,536	\$ 182,176
Reconciliation of operating income		
to net cash provided by operating activities:		
Operating income (loss)	\$ 59,556	\$ 59,682
Adjustments to reconcile operating income		
to net cash provided by operating activities:		
Changes in assets and liabilities:		
Prepaid expense	\$ (851)	\$
Accounts payable	(3,379)	11,421
Unearned revenue	2,225	2,375
Total adjustments	\$ (2,005)	\$ 13,796
Net cash provided by operating activities	\$ 57,551	\$ 73,478

See notes to financial statements.

NORTH CAROLINA BOARD OF ATHLETIC TRAINER EXAMINERS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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. 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 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.

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

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.

NORTH CAROLINA BOARD OF ATHLETIC TRAINER EXAMINERS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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

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.

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 economic 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, regardless of the timing of cash flows.

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. 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, if any) 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 computer consulting expense.

Fair Value of Financial Instruments

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

NORTH CAROLINA BOARD OF ATHLETIC TRAINER EXAMINERS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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

Income Taxes

The Board is a nonmajor enterprise fund of the primary government of the State of North Carolina and is exempt from federal and state income taxes.

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 formal policies regarding custodial credit risk for deposits.

At December 31, 2015, the Board's deposits had a carrying amount of \$441,263 and a bank balance of \$442,631, of which \$250,000 was covered by federal depository insurance, and \$192,631 was uninsured and uncollateralized [unless collateralized pursuant to NC Administrative Code (20 NCAC 7)]. Certificates of deposit in the amount of \$300,727 are considered time deposits for this disclosure and are classified as investments on the Statements of Net Position. At December 31, 2014, the Board's deposits had a carrying amount of \$382,513 and a bank balance of \$385,863, of which \$250,000 was covered by federal depository insurance, and \$135,863 was uninsured and uncollateralized [unless collateralized pursuant to NC Administrative Code (20 NCAC 7)]. Certificates of deposit in the amount of \$200,337 are considered time deposits for this disclosure and are classified as investments on the Statements of Net Position.

Investments

At December 31, 2015 and 2014, the Board had the following investments and maturities.

Investment Type	December 31, 2015			December 31, 2014		
	Fair Value	3-12 Months	Over 12 Months	Fair Value	3-12 Months	Over 12 Months
Certificate of Deposit	\$ 300,727	50,361	\$ 250,366	\$ 200,337	50,017	\$ 150,320
Total	\$ 300,727	\$ 50,361	\$ 250,366	\$ 200,337	\$ 50,017	\$ 150,320

NORTH CAROLINA BOARD OF ATHLETIC TRAINER EXAMINERS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

Note 2 - Deposits and Investments (Continued)

Risk Disclosures

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 84 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.

Custodial credit risk - 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 formal policies regarding custodial credit risk for deposits. Federal depository insurance is discussed in a preceding section.

Reconciliation of Deposits and Investments

A reconciliation of deposits and investments for the Board to the basic financial statements at December 31, 2015 and 2014, is as follows:

	December 31, 2015	December 31, 2014
Carrying Amount of Bank Deposits	\$ 140,536	\$ 182,176
Certificates of Deposit	300,727	200,337
Total Deposits and Investments	<u>\$ 441,263</u>	<u>\$ 382,513</u>
Current:		
Cash and Cash Equivalents	\$ 140,536	\$ 182,176
Investments	50,361	50,017
Noncurrent:		
Investments	<u>250,366</u>	<u>150,320</u>
Total Deposits and Investments	<u>\$ 441,263</u>	<u>\$ 382,513</u>

NORTH CAROLINA BOARD OF ATHLETIC TRAINER EXAMINERS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

Note 3 - 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. 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 investment in capital assets*.

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 \$25,088 during the fiscal year ended December 31, 2015. Payments to the management service totaled \$25,026 during the fiscal year ended December 31, 2014.

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. Additionally, the Board protects itself from exposure to potential loss through the purchase of commercial insurance coverage.

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.

NORTH CAROLINA BOARD OF ATHLETIC TRAINER EXAMINERS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

Note 8 - Subsequent Events

Subsequent events have been evaluated through April 21, 2016, 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.

The audit required 32 audit hours at a cost of \$3,695.