

NORTH CAROLINA STATE HEARING AID DEALERS AND FITTERS BOARD

**Financial Statements for the
Years Ended May 31, 2015 and 2014 and
Independent Auditors' Report**

NORTH CAROLINA STATE HEARING AID DEALERS AND FITTERS BOARD

Financial Statements for the Years Ended May 31, 2015 and 2014 and Independent Auditors' Report

BOARD MEMBERS (2014-2015)

James P. Young, President

Calhoun D. Cunningham, III, MD, Secretary-Treasurer

Terri L. DeMaeyer

Raymond O. Dyer

Angela Goodrich

Scarlett Gibbs Hall

Mark O. Stuemke

BOARD ADMINISTRATOR

Catherine Jorgensen, Executive Secretary

LEGAL COUNSEL

North Carolina Department of Justice

NORTH CAROLINA STATE HEARING AID DEALERS AND FITTERS BOARD

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NORTH CAROLINA STATE HEARING AID DEALERS AND FITTERS BOARD

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 May 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 \$18,627, or 5.5%, due primarily to an increase in revenues. During 2014, the Board's net position increased by \$23,552, or 7.5%, due primarily to an increase in revenues.

During 2015, the operating revenues of the Board increased by \$16,044, or 9.6%, due primarily to an increase in application and examination fees revenue. During 2014, the operating revenues of the Board increased by \$33,459, or 25.2%, due primarily to an increase in application and examination fees revenue.

During 2015, the non-operating revenues of the Board decreased by \$246, or 9.5%, due primarily to a loss on the disposition of obsolete computer equipment. During 2014, the non-operating revenues of the Board decreased by \$165, or 6.0%, due primarily to a decrease in cash on hand.

During 2015, the operating expenses of the Board increased by \$20,723, or 14.2%, due primarily to an increase in exam expenses. During 2014, the operating expenses of the Board increased by \$4,335, or 3.1%, due primarily to an increase in exam 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 GASB 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 STATE HEARING AID DEALERS AND FITTERS BOARD

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, 2015	Current Year as of and for the year ended May 31, 2014
Current assets	\$ 234,303	\$ 212,428
Capital assets	1,549	2,927
Other assets	200,036	208,519
Total assets	<u>\$ 435,888</u>	<u>\$ 423,874</u>
Current liabilities	\$ 79,998	\$ 86,611
Total liabilities	<u>\$ 79,998</u>	<u>\$ 86,611</u>
Investment in capital assets	\$ 1,549	\$ 2,927
Unrestricted	354,341	334,336
Total net position	<u>\$ 355,890</u>	<u>\$ 337,263</u>
Operating revenues	\$ 182,463	\$ 166,419
Operating expenses	(166,171)	(145,448)
Operating income	16,292	20,971
Non-operating revenues	2,335	2,581
Change in net position	<u>\$ 18,627</u>	<u>\$ 23,552</u>

Events Affecting Future Operations

The Board 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 State Hearing Aid Dealers and Fitters Board, PO Box 97833, Raleigh, NC 27624.

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INDEPENDENT AUDITORS' REPORT

Members of the Board
North Carolina State Hearing Aid Dealers and Fitters Board
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 State Hearing Aid Dealers and Fitters Board (the "Board"), an independent state agency which is a nonmajor enterprise fund of the primary government of the State of North Carolina, as of May 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.

Auditors' 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 State Hearing Aid Dealers and Fitters Board as of May 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' 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.

A handwritten signature in black ink that reads "Shelton L. Hawley, C.P.A., P.A." The signature is written in a cursive, flowing style.

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

Angier, North Carolina

September 25, 2015

NORTH CAROLINA STATE HEARING AID DEALERS AND FITTERS BOARD
STATEMENTS OF NET POSITION
MAY 31, 2015 AND 2014

	May 31, 2015	May 31, 2014
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 233,763	\$ 211,522
Accounts receivable- licensees (fees in arrearage)	540	906
Total current assets	234,303	212,428
Capital assets (Note 1):		
Office equipment and software	1,549	2,927
Total capital assets - net of depreciation	1,549	2,927
Other assets:		
Investments (Note 2)	200,000	208,473
Accrued interest receivable (on investments)	36	46
Total other assets	200,036	208,519
TOTAL ASSETS	\$ 435,888	\$ 423,874
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable (including fee overpayments)	\$ 498	\$ 371
Due to other state agencies		6,240
Unearned revenue (Note 3)	79,500	80,000
Total current liabilities	79,998	86,611
TOTAL LIABILITIES	79,998	86,611
NET POSITION (NOTE 4)		
Investment in capital assets	1,549	2,927
Unrestricted net position	354,341	334,336
TOTAL NET POSITION	355,890	337,263
TOTAL LIABILITIES AND NET POSITION	\$ 435,888	\$ 423,874

See notes to financial statements.

NORTH CAROLINA STATE HEARING AID DEALERS AND FITTERS BOARD
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED MAY 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
	<u>Proprietary- Enterprise Fund</u>	<u>Proprietary- Enterprise Fund</u>
OPERATING REVENUES:		
Renewal fees	\$ 84,300	\$ 83,050
Application fees (including initial licensure fees)	40,650	33,200
Continuing education fee	12,190	12,670
Examination fees	42,300	31,500
Certificate fees	875	500
Late fees	775	400
Recovery of costs from licensee(s)		3,648
Miscellaneous operating income	<u>1,373</u>	<u>1,451</u>
Total operating revenues	\$ 182,463	\$ 166,419
OPERATING EXPENSES:		
Contractual management services (Note 5)	\$ 54,000	\$ 54,000
Board members expenses	9,271	7,233
Contractual investigation services	160	1,272
Contractual consultant services		1,750
Exam expenses	69,747	46,773
Depreciation expense	1,145	1,063
Telephone	1,419	2,315
Office and computer supplies	2,031	632
Postage	776	770
Insurance and bonding	188	188
Legal and audit fees	27,001	24,640
Website management expenses		3,449
Miscellaneous	<u>433</u>	<u>1,363</u>
Total operating expenses	\$ 166,171	\$ 145,448
Operating income (loss)	\$ 16,292	\$ 20,971

See notes to financial statements.

NORTH CAROLINA STATE HEARING AID DEALERS AND FITTERS BOARD
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED MAY 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
	<u>Proprietary- Enterprise Fund</u>	<u>Proprietary- Enterprise Fund</u>
NON-OPERATING REVENUES (EXPENSES):		
Interest income	2,568	2,581
Gain (loss) on disposition of capital assets	<u>(233)</u>	<u></u>
Total non-operating revenues	\$ 2,335	\$ 2,581
 Change in net position	 <u>\$ 18,627</u>	 <u>\$ 23,552</u>
 Net position - beginning of year	 <u>337,263</u>	 <u>313,711</u>
 Net position - end of year	 <u><u>\$ 355,890</u></u>	 <u><u>\$ 337,263</u></u>

See notes to financial statements.

NORTH CAROLINA STATE HEARING AID DEALERS AND FITTERS BOARD
STATEMENTS OF CASH FLOWS
YEARS ENDED MAY 31, 2015 AND 2014

	2015	2014
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
Cash flows from operating activities:		
Cash received from fees	\$ 180,945	\$ 145,780
Cash received from other operating revenues	1,384	5,089
Cash payments for operating expenses	(171,139)	(156,987)
Net cash provided (used) by operating activities	\$ 11,190	\$ (6,118)
Cash flows from capital and related financing activities:		
Acquisition of capital assets	\$	\$ (1,941)
Net cash provided (used) by capital and financing activities	\$ 0	\$ (1,941)
Cash flows from investing activities:		
Transfer from certificate(s) of deposit to operating account	\$ 8,703	\$ 4,457
Transfer from operating account to certificate(s) of deposit	(230)	(1,533)
Interest earned	2,578	2,576
Net cash provided (used) by investing activities	\$ 11,051	\$ 5,500
Net increase (decrease) in cash	\$ 22,241	\$ (2,559)
Cash - beginning of year	211,522	214,081
Cash - end of year	\$ 233,763	\$ 211,522

See notes to financial statements.

NORTH CAROLINA STATE HEARING AID DEALERS AND FITTERS BOARD
STATEMENTS OF CASH FLOWS
YEARS ENDED MAY 31, 2015 AND 2014

	2015	2014
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
Reconciliation of operating income		
to net cash provided by operating activities:		
Operating income (loss)	\$ 16,292	\$ 20,971
Adjustments to reconcile operating income		
to net cash provided by operating activities:		
Changes in assets and liabilities:		
Depreciation	\$ 1,145	\$ 1,063
Other receivables	366	(100)
Accounts payable	(6,113)	(12,602)
Unearned revenue	(500)	(15,450)
Total adjustments	\$ (5,102)	\$ (27,089)
Net cash provided (used) by operating activities	\$ 11,190	\$ (6,118)

See notes to financial statements.

NORTH CAROLINA STATE HEARING AID DEALERS AND FITTERS BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2015 AND 2014

Note 1 - Nature of Activities and Significant Accounting Policies

Description of Organization

The North Carolina State Hearing Aid Dealers and Fitters Board (the "Board") is an independent State agency. It is an occupational licensing board and is authorized by Chapter 93D of the North Carolina General Statutes. The Board is composed of seven 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 hearing aid dealers and fitters.

The Board's operations are financed with self-generated revenues from fees charged to examinees and 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 STATE HEARING AID DEALERS AND FITTERS BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MAY 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 examination and license fees.

The financial statements report all activities of the North Carolina State Hearing Aid Dealers and Fitters Board 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

These classifications include 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.

Fair Value of Financial Instruments

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

NORTH CAROLINA STATE HEARING AID DEALERS AND FITTERS BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2015 AND 2014

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

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 \$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 deprecation over the estimated useful lives of the assets, generally estimated as follows: office furniture, equipment and specialized software, 5 years. Summaries follow:

	Cost 5-31-14	Acquisitions	Disposals	Cost 5-31-15	Accumulated Depreciation	Net Amount
Office equipment/software	\$ 6,870	\$	\$ 1,135	\$ 5,735	\$ 4,186	\$ 1,549
	<u>\$ 6,870</u>	<u>\$ 0</u>	<u>\$ 1,135</u>	<u>\$ 5,735</u>	<u>\$ 4,186</u>	<u>\$ 1,549</u>

	Cost 5-31-13	Acquisitions	Disposals	Cost 5-31-14	Accumulated Depreciation	Net Amount
Office equipment/software	\$ 4,929	\$ 1,941	\$ 0	\$ 6,870	\$ 3,943	\$ 2,927
	<u>\$ 4,929</u>	<u>\$ 1,941</u>	<u>\$ 0</u>	<u>\$ 6,870</u>	<u>\$ 3,943</u>	<u>\$ 2,927</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 \$1,145 for the fiscal year ended May 31, 2015 and \$1,063 for the fiscal year ended May 31, 2014.

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.

NORTH CAROLINA STATE HEARING AID DEALERS AND FITTERS BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2015 AND 2014

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 policies regarding custodial credit risk for deposits.

At May 31, 2015, the Board's deposits had a carrying amount of \$433,763 and a bank balance of \$427,191. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$177,191 was uninsured and uncollateralized [unless collateralized pursuant to NC Administrative Code (20 NCAC 7)]. Certificates of deposit in the amount of \$200,000 are considered time deposits for this disclosure and are classified as investments on the Statements of Net Position. At May 31, 2014, the Board's deposits had a carrying amount of \$419,995 and a bank balance of \$437,800. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$187,800 was uninsured and uncollateralized [unless collateralized pursuant to NC Administrative Code (20 NCAC 7)]. Certificates of deposit in the amount of \$208,473 are considered time deposits for this disclosure and are classified as investments on the Statements of Net Position.

Investments

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

Investment Type	May 31, 2015		May 31, 2014	
	Fair Value	Over 12 Months	Fair Value	Over 12 Months
Certificate of Deposit	\$ 100,000	\$ 100,000	\$ 107,838	\$ 107,838
Certificate of Deposit	100,000	100,000	100,635	100,635
Total	\$ 200,000	\$ 200,000	\$ 208,473	\$ 208,473

NORTH CAROLINA STATE HEARING AID DEALERS AND FITTERS BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2015 AND 2014

Note 2 - Deposits and Investments (Continued)

Risk Disclosures

Interest rate risk - 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 30 months.

Credit risk - 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.

Custodial credit risk - For deposits and investments, 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 and investments that are in the possession of the outside party. The Board does not have formal policies regarding custodial credit risk for deposits and investments. Federal depository insurance is discussed in the preceding section.

Reconciliation of Deposits and Investments

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

	<u>May 31, 2015</u>	<u>May 31, 2014</u>
Carrying Amount of Bank Deposits	\$ 233,763	\$ 211,522
Certificates of Deposits	<u>200,000</u>	<u>208,473</u>
Total Deposits and Investments	<u><u>\$ 433,763</u></u>	<u><u>\$ 419,995</u></u>
Current:		
Cash and Cash Equivalents	\$ 233,763	\$ 211,522
Noncurrent:		
Investments	<u>200,000</u>	<u>208,473</u>
Total Deposits and Investments	<u><u>\$ 433,763</u></u>	<u><u>\$ 419,995</u></u>

Note 3 - Unearned Revenue

The Board's fees are assessed and collected on an annual basis for the period April 1 through March 31, which does not correspond with the Board's accounting period. License renewal fees received in the latter part of the fiscal year are deferred and recognized as revenue over the one year period to which they relate.

NORTH CAROLINA STATE HEARING AID DEALERS AND FITTERS BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2015 AND 2014

Note 4 - 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 (if any) that are attributable to the acquisition, construction, or improvement of those capital assets.

Restricted net position - expendable - 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 or investment in capital assets*.

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, exam services, and various other secretarial duties. The Board also reimburses the management service for printing, postage, copying and miscellaneous office expenses. Payments to the management service (including related entities) totaled \$102,641 during the fiscal year ended May 31, 2015 and \$67,790 during the fiscal year ended May 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 has limited protection from exposure to loss through the purchase of certain commercial insurance coverage.

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 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 September 25, 2015, 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 50 audit hours at a cost of \$5,295.