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NORTH CAROLINA VETERINARY MEDICAL BOARD

Financial Statements

June 30, 2021 and 2020

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NORTH CAROLINA VETERINARY MEDICAL BOARD  
Management's Discussion and Analysis  
June 30, 2021 and 2020

The following is a discussion and analysis of the Board's financial performance for the fiscal year ended June 30, 2021. Please read it in conjunction with the financial statements which follow this section.

**Financial Highlights**

The operating revenues of the Board increased \$42,898 or 3.29%, due primarily to an increase in the number of renewing licensees and inspection fees.

The operating expenses of the Board increased by \$43,801 or 4.56%, due to increased salaries and professional fees.

**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 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.

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

|                                 | As of and for the<br>Year Ended<br>June 30, 2021 | As of and for the<br>Year Ended<br>June 30, 2020 |
|---------------------------------|--|--|
| Current Assets                  | \$ 1,117,343                                     | \$ 1,745,502                                     |
| Capital Assets                  | 498,047  | 508,846  |
| Non-Current Assets              | 998,334  |  |
| Total Assets                    | <u>2,613,724</u>                                 | <u>2,254,348</u>                                 |
| Current Liabilities             | 559,595  | 536,199  |
| Non-Current Liabilities         | 19,008   | 24,739   |
| Total Liabilities               | <u>578,603</u>                                   | <u>560,938</u>                                   |
| Invested in Capital Assets      | 498,047  | 508,846  |
| Unrestricted                    | 1,537,074  | 1,184,564  |
| Total Net Position              | <u>\$ 2,035,121</u>                              | <u>\$ 1,693,410</u>                              |
| Operating Revenues              | \$ 1,346,278                                     | \$ 1,303,380                                     |
| Operating Expenses              | <u>1,004,445</u>                                 | <u>960,644</u>                                   |
| Operating Income                | 341,833  | 342,736  |
| Non-Operating Revenue (Expense) | <u>(122)</u>                                     | <u>12,383</u>                                    |
| Change in Net Position          | <u>\$ 341,711</u>                                | <u>\$ 355,119</u>                                |

NORTH CAROLINA VETERINARY MEDICAL BOARD  
Management's Discussion and Analysis  
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**Capital Assets**

Investment in capital assets as of June 30, 2021 totals \$498,047 (net of accumulated depreciation).

**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.



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

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the North Carolina Veterinary Medical Board as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Board's basic 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 our 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 from 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 auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit includes evaluating the appropriateness of accounting principles 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 Veterinary Medical Board as of June 30, 2021 and 2020, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Raleigh**  
4060 Barrett Drive  
Post Office Box 17806  
Raleigh, North Carolina 27619

919 782 9265  
919 783 8937 FAX

**Durham**  
3500 Westgate Drive  
Suite 203  
Durham, North Carolina 27707

919 354 2584  
919 489 8183 FAX

**Pittsboro**  
579 West Street  
Post Office Box 1399  
Pittsboro, North Carolina 27312

919 542 6000  
919 542 5764 FAX

**Smithfield**  
212 East Church Street  
Post Office Box 2348  
Smithfield, North Carolina 27577

919 934 1121  
919 934 1217 FAX

**Other Matters*****Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 2 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 historical 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 an assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Koonce, Wooten & Haywood, LLP

Raleigh, North Carolina  
September 7, 2021

## NORTH CAROLINA VETERINARY MEDICAL BOARD

## Statements of Net Position

June 30, 2021 and 2020

|   | <u>2021</u>         | <u>2020</u>         |
|---|---------------------|---------------------|
| ASSETS:                                   |                     |                     |
| Current Assets:                           |                     |                     |
| Cash                                      | \$ 1,097,590        | \$ 1,726,714        |
| Prepaid Expenses                          | <u>19,753</u>       | <u>18,788</u>       |
| Total Current Assets                      | <u>1,117,343</u>    | <u>1,745,502</u>    |
| Capital Assets--Net of Depreciation:      |                     |                     |
| Land                                      | 150,000             | 150,000             |
| Building and Improvements                 | 319,016             | 320,947             |
| Furniture and Office Equipment            | <u>29,031</u>       | <u>37,899</u>       |
| Total Capital Assets--Net of Depreciation | <u>498,047</u>      | <u>508,846</u>      |
| Non-Current Assets                        |                     |                     |
| Investments                               | <u>998,334</u>      |                     |
| Total Assets                              | <u>2,613,724</u>    | <u>2,254,348</u>    |
| LIABILITIES:                              |                     |                     |
| Current Liabilities:                      |                     |                     |
| Accounts Payable                          | 18,526              | 13,526              |
| Withheld and Accrued Payroll Taxes        | 9,099               |                     |
| Unearned Revenue                          | 527,870             | 518,780             |
| SEP Retirement Contribution Payable       | <u>4,100</u>        | <u>3,893</u>        |
| Total Current Liabilities                 | <u>559,595</u>      | <u>536,199</u>      |
| Non-Current Liabilities:                  |                     |                     |
| Accrued Vacation                          | <u>19,008</u>       | <u>24,739</u>       |
| Total Liabilities                         | <u>578,603</u>      | <u>560,938</u>      |
| NET POSITION:                             |                     |                     |
| Investment in Capital Assets              | 498,047             | 508,846             |
| Unrestricted Net Position                 | <u>1,537,074</u>    | <u>1,184,564</u>    |
| Total Net Position                        | <u>\$ 2,035,121</u> | <u>\$ 1,693,410</u> |

The accompanying notes are an integral part of the financial statements.

NORTH CAROLINA VETERINARY MEDICAL BOARD  
Statements of Revenues, Expenses, and Changes in Net Position  
For the Years Ended June 30, 2021 and 2020

|   | 2021                | 2020                |
|---|---------------------|---------------------|
| OPERATING REVENUES:                       |                     |                     |
| License and Renewal Fees                  | \$ 1,092,760        | \$ 1,083,465        |
| Examination/Application Fees              | 107,950             | 96,000              |
| Hospital Inspection Fees                  | 111,875             | 81,125              |
| Reinstatement Fees                        | 7,900               | 3,820               |
| Temporary Permits                         | 5,250               | 19,950              |
| Service Verifications                     | 5,796               | 5,760               |
| Miscellaneous Income                      | 14,747              | 13,260              |
| Total Operating Revenues                  | <u>1,346,278</u>    | <u>1,303,380</u>    |
| OPERATING EXPENSES:                       |                     |                     |
| Salaries                                  | 394,124             | 349,982             |
| Payroll Taxes                             | 31,636              | 27,374              |
| Employee Benefits                         | 70,635              | 68,738              |
| Legal, Audit, and Other Professional Fees | 237,529             | 225,171             |
| Contractual Services--Impairment Fund     | 67,500              | 67,500              |
| Travel                                    | 37,843              | 40,646              |
| Insurance and Bonding                     | 32,055              | 24,878              |
| Online Processing Fees                    | 31,245              | 32,308              |
| Computer Support                          | 28,070              | 31,627              |
| Depreciation                              | 22,531              | 22,579              |
| Building Operating Expenses               | 16,813              | 15,808              |
| Board Members and Meeting Expenses        | 8,532               | 20,261              |
| Office Supplies                           | 8,388               | 11,871              |
| Telephone and Internet                    | 8,073               | 7,797               |
| Office Equipment Rental and Maintenance   | 5,315               | 5,476               |
| Postage and Shipping                      | 3,006               | 2,567               |
| Registration Fees                         | 660                 | 2,994               |
| Printing                                  | 454                 | 764                 |
| Miscellaneous                             | 36                  | 2,303               |
| Total Operating Expenses                  | <u>1,004,445</u>    | <u>960,644</u>      |
| INCOME FROM OPERATIONS                    | <u>341,833</u>      | <u>342,736</u>      |
| NON-OPERATING REVENUES (EXPENSES):        |                     |                     |
| Interest and Dividend Income              | 3,840               | 12,383              |
| Unrealized Loss on Investments            | (3,962)             |                     |
| Total Non-Operating Revenues (Expenses)   | <u>(122)</u>        | <u>12,383</u>       |
| CHANGE IN NET POSITION                    | 341,711             | 355,119             |
| NET POSITION--Beginning of Year           | <u>1,693,410</u>    | <u>1,338,291</u>    |
| NET POSITION--End of Year                 | <u>\$ 2,035,121</u> | <u>\$ 1,693,410</u> |

The accompanying notes are an integral part of the financial statements.



## NORTH CAROLINA VETERINARY MEDICAL BOARD

## Statements of Cash Flows

For the Years Ended June 30, 2021 and 2020

|  | 2021                | 2020                |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES:  |                     |                     |
| Cash Received from Fees and Other Income   | \$ 1,355,368        | \$ 1,310,615        |
| Cash Payments to Employees for Services  | (492,820)           | (440,809)           |
| Cash Payments for Operating Expenses   | (481,484)           | (495,351)           |
| Net Cash Provided by Operating Activities  | <u>381,064</u>      | <u>374,455</u>      |
| CASH FLOWS FROM FINANCING ACTIVITIES:  |                     |                     |
| Acquisition of Capital Assets  | (11,732)            |                     |
| Net Cash Used by Financing Activities  | <u>(11,732)</u>     |                     |
| CASH FLOWS FROM INVESTING ACTIVITIES:  |                     |                     |
| Proceeds from Certificate of Deposit   |                     | 560,922             |
| Purchase of Investments  | (1,002,296)         |                     |
| Interest Income  | 3,840               | 15,252              |
| Net Cash Provided (Used) by Investing Activities   | <u>(998,456)</u>    | <u>576,174</u>      |
| NET INCREASE (DECREASE) IN CASH  | (629,124)           | 950,629             |
| CASH--Beginning of Year  | <u>1,726,714</u>    | <u>776,085</u>      |
| CASH--End of Year  | <u>\$ 1,097,590</u> | <u>\$ 1,726,714</u> |
| RECONCILIATION OF INCOME FROM OPERATIONS TO<br>NET CASH PROVIDED BY OPERATING ACTIVITIES:        |                     |                     |
| Income from Operations   | \$ 341,833          | \$ 342,736          |
| Adjustments to Reconcile Income from Operations<br>to Net Cash Provided by Operating Activities: |                     |                     |
| Depreciation   | 22,531              | 22,579              |
| Changes in Assets and Liabilities:   |                     |                     |
| Prepaid Expenses   | (965)               | (2,826)             |
| Accounts Payable   | 5,000               | (554)               |
| Withheld and Accrued Payroll Taxes   | 9,099               |                     |
| Unearned Revenue   | 9,090               | 7,235               |
| SEP Retirement Contribution Payable  | 207                 | 240                 |
| Accrued Vacation   | (5,731)             | 5,045               |
| Net Cash Provided by Operating Activities  | <u>\$ 381,064</u>   | <u>\$ 374,455</u>   |

The accompanying notes are an integral part of the financial statements.

NORTH CAROLINA VETERINARY MEDICAL BOARD  
Notes to Financial Statements  
June 30, 2021 and 2020

1. Summary of Significant Accounting Policies

A. Description of Organization and Purpose:

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 *Comprehensive Annual Financial Report* (CAFR).

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.

B. 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 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.

C. 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.

D. 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 North Carolina Veterinary Medical 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.

NORTH CAROLINA VETERINARY MEDICAL BOARD  
Notes to Financial Statements  
June 30, 2021 and 2020

1. Summary of Significant Accounting Policies (Continued)

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.

E. Cash:

For purposes of the statement of cash flows, the Board considers all highly liquid investments with a maturity of three months or less when purchased to be cash.

F. 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 depreciation over the estimated useful lives of the assets, generally estimated as follows: building, 40 years; furniture and equipment, 5 to 7 years.

G. 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.

H. 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, 2021 and 2020 was \$19,008 and \$24,739, 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.

I. 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.

J. 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. The Board had no restricted net position at year end.

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*.

## NORTH CAROLINA VETERINARY MEDICAL BOARD

## Notes to Financial Statements

June 30, 2021 and 2020

1. Summary of Significant Accounting Policies (Continued)

## K. 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.

2. Concentration of Risk

*Custodial Credit Risk.* The Board maintains a demand deposit and certificates of deposit at one commercial bank in North Carolina. At June 30, 2021 and 2020, the Board had carrying amounts of \$1,097,590 and \$1,726,714, respectively, and bank balances of \$1,127,252 and \$1,737,295, respectively. Of these bank balances, which include a non-interest bearing checking account, \$250,000 was covered by federal depository insurance and \$877,252 and \$1,487,295, respectively, were uninsured.

3. Capital Assets

Changes in capital assets as of and for the year ended June 30, 2021 and 2020 are as follows:

|                       | Cost<br>6/30/2020 | Acquisitions     | Disposals | Cost<br>6/30/2021 | Accumulated<br>Depreciation | Net<br>Amount     |
|-----------------------|-------------------|------------------|-----------|-------------------|-----------------------------|-------------------|
| Land                  | \$ 150,000        | \$               | \$        | \$ 150,000        | \$                          | \$ 150,000        |
| Building/Improvements | 536,776           | 11,732           |           | 548,508           | 229,492                     | 319,016           |
| Furniture/Equipment   | 79,448            |                  |           | 79,448            | 50,417                      | 29,031            |
|                       | <u>\$ 766,224</u> | <u>\$ 11,732</u> | <u>\$</u> | <u>\$ 777,956</u> | <u>\$ 279,909</u>           | <u>\$ 498,047</u> |

  

|                       | Cost<br>6/30/2019 | Acquisitions | Disposals | Cost<br>6/30/2020 | Accumulated<br>Depreciation | Net<br>Amount     |
|-----------------------|-------------------|--------------|-----------|-------------------|-----------------------------|-------------------|
| Land                  | \$ 150,000        | \$           | \$        | \$ 150,000        | \$                          | \$ 150,000        |
| Building/Improvements | 536,776           |              |           | 536,776           | 215,829                     | 320,947           |
| Furniture/Equipment   | 79,448            |              |           | 79,448            | 41,549                      | 37,899            |
|                       | <u>\$ 766,224</u> | <u>\$</u>    | <u>\$</u> | <u>\$ 766,224</u> | <u>\$ 257,378</u>           | <u>\$ 508,846</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 \$22,531 for the year ended June 30, 2021 and \$22,579 for the year ended June 30, 2020.

4. Investments

Investments are carried on the books at fair value at June 30, 2021 as follows:

|              | Carrying<br>Value | Cost                | Unrealized<br>Loss |
|--------------|-------------------|---------------------|--------------------|
| Mutual Funds | <u>\$ 998,334</u> | <u>\$ 1,002,296</u> | <u>\$ (3,962)</u>  |

Dividend and interest income for the year ended June 30, 2021 was \$3,840. Net unrealized losses totaled \$3,962 for the year ended June 30, 2021.

## NORTH CAROLINA VETERINARY MEDICAL BOARD

## Notes to Financial Statements

June 30, 2021 and 2020

5. 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, 2021 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:

|              |            | Fair Value Measurements Using |             |              |
|--------------|------------|-------------------------------|-------------|--------------|
|              |            | Level 1                       | Level 2     | Level 3      |
|              |            | Quoted Prices in              | Significant |              |
|              |            | Active Markets                | Other       | Significant  |
|              |            | for Identical                 | Observable  | Unobservable |
|              |            | Assets                        | Inputs      | Inputs       |
| Fair Value   |            |                               |             |              |
| Mutual Funds | \$ 998,334 | \$ 998,334                    | \$          | \$           |

6. 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.

7. Operating Leases

The Board leased office equipment under operating leases. Total rent expense charged to operations under the lease agreements was \$5,315 in 2021 and \$5,476 in 2020.

Rental commitments under noncancelable operating leases at June 30, 2021 are as follows:

| Year Ended |                  |
|------------|------------------|
| June 30    |                  |
| 2022       | \$ 3,942         |
| 2023       | 3,942            |
| 2024       | 2,242            |
| 2025       | 1,392            |
| 2026       | 464              |
|            | <u>\$ 11,982</u> |

## NORTH CAROLINA VETERINARY MEDICAL BOARD

## Notes to Financial Statements

June 30, 2021 and 2020

8. Pension Plan and Postemployment Benefits other than Pensions***Simplified Employee Pension Plan***

On April 14, 1997, the Board entered into a Simplified Employee Pension Plan agreement on behalf of 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. There are no forfeitures inuring to other employees under this type plan. The Board's payroll for employees covered by the plan for the year ended June 30, 2021 was \$269,351; the Board's total payroll was \$394,124. The Board's payroll for employees covered by the plan for the year ended June 30, 2020 was \$258,076; the Board's total payroll was \$349,982. The Board's pension contribution amounted to \$13,475 for 2021 and \$12,418 for 2020. The Board had outstanding liabilities to the plan in the amount of \$4,100 at June 30, 2021 and \$3,893 at June 30, 2020. The Board assumes no liability for retiree benefits provided by this program other than its required contributions. The Board has no postemployment benefits other than this defined contributions retirement plan.

9. 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.

10. 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.

11. 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 both of the years ended June 30, 2021 and 2020. These payments were made to benefit veterinarians in need of the services of the Program. The North Carolina Physicians Health 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.

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12.     Subsequent Events

Management evaluated subsequent events through September 7, 2021, which is the date the financial statements were available to be issued. They discovered no subsequent events that should be disclosed.