



Financial Statements

for

**NORTH CAROLINA VETERINARY MEDICAL
BOARD**

June 30, 2022 and 2021

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NORTH CAROLINA VETERINARY MEDICAL BOARD
Management's Discussion and Analysis
June 30, 2022 and 2021

The following is a discussion and analysis of the Board's financial performance for the fiscal year ended June 30, 2022. Please read it in conjunction with the financial statements which follow this section.

Financial Highlights

The operating revenues of the Board increased \$46,229 or 3.43%, due primarily to an increase in the number of renewing licensees and examination/application fees.

The operating expenses of the Board increased by \$171,711 or 17.10%, 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 Year Ended June 30, 2022	As of and for the Year Ended June 30, 2021
Current Assets	\$ 1,381,842	\$ 1,117,343
Capital Assets	489,327	498,047
Non-Current Assets	934,550	998,334
Total Assets	<u>2,805,719</u>	<u>2,613,724</u>
Current Liabilities	588,532	559,595
Non-Current Liabilities	28,468	19,008
Total Liabilities	<u>617,000</u>	<u>578,603</u>
Invested in Capital Assets	489,327	498,047
Unrestricted	1,699,392	1,537,074
Total Net Position	<u>\$ 2,188,719</u>	<u>\$ 2,035,121</u>
Operating Revenues	\$ 1,392,507	\$ 1,346,278
Operating Expenses	<u>1,176,156</u>	<u>1,004,445</u>
Operating Income	216,351	341,833
Non-Operating Revenue (Expense)	<u>(62,753)</u>	<u>(122)</u>
Change in Net Position	<u>\$ 153,598</u>	<u>\$ 341,711</u>

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Management's Discussion and Analysis
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Capital Assets

Investment in capital assets as of June 30, 2022 totals \$489,327 (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

REPORT OF INDEPENDENT AUDITORS

Opinion

We have audited the financial statements of the North Carolina Veterinary Medical Board as of and for the year ended June 30, 2022, 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 North Carolina Veterinary Medical Board as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 North Carolina Veterinary Medical Board, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of the North Carolina Veterinary Medical Board, as of and for the year ended June 30, 2021, were audited by other auditors, whose report, dated September 7, 2021, expressed an unmodified opinion on those statements.

Responsibilities of Management 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, 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 North Carolina Veterinary Medical Board's ability to continue as a going concern for 12 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.

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 North Carolina Veterinary Medical 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 North Carolina Veterinary Medical 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 on pages 1 through 2 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 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 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
September 22, 2022

NORTH CAROLINA VETERINARY MEDICAL BOARD
Statements of Net Position
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS:		
Current Assets:		
Cash	\$ 1,358,519	\$ 1,097,590
Employee Advance	881	
Prepaid Expenses	<u>22,442</u>	<u>19,753</u>
Total Current Assets	<u>1,381,842</u>	<u>1,117,343</u>
Capital Assets--Net of Depreciation:		
Land	150,000	150,000
Building and Improvements	317,758	319,016
Furniture and Office Equipment	<u>21,569</u>	<u>29,031</u>
Total Capital Assets--Net of Depreciation	<u>489,327</u>	<u>498,047</u>
Non-Current Assets:		
Investments	<u>934,550</u>	<u>998,334</u>
Total Assets	<u>2,805,719</u>	<u>2,613,724</u>
LIABILITIES:		
Current Liabilities:		
Accounts Payable	28,059	18,526
Withheld and Accrued Payroll Taxes	252	9,099
Unearned Revenue	555,930	527,870
SEP Retirement Contribution Payable	<u>4,291</u>	<u>4,100</u>
Total Current Liabilities	<u>588,532</u>	<u>559,595</u>
Non-Current Liabilities:		
Accrued Vacation	<u>28,468</u>	<u>19,008</u>
Total Liabilities	<u>617,000</u>	<u>578,603</u>
NET POSITION:		
Investment in Capital Assets	489,327	498,047
Unrestricted Net Position	<u>1,699,392</u>	<u>1,537,074</u>
Total Net Position	<u>\$ 2,188,719</u>	<u>\$ 2,035,121</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, 2022 and 2021

	2022	2021
OPERATING REVENUES:		
License and Renewal Fees	\$ 1,134,350	\$ 1,092,760
Examination/Application Fees	117,000	107,950
Hospital Inspection Fees	91,375	111,875
Reinstatement Fees	8,540	7,900
Temporary Permits	10,800	5,250
Service Verifications	6,900	5,796
Miscellaneous Income	23,542	14,747
Total Operating Revenues	<u>1,392,507</u>	<u>1,346,278</u>
OPERATING EXPENSES:		
Salaries	438,753	394,124
Payroll Taxes	33,504	31,636
Employee Benefits	78,322	70,635
Legal, Audit, and Other Professional Fees	336,594	237,529
Contractual Services--Impairment Fund	67,500	67,500
Travel	51,818	37,843
Online Processing Fees	34,573	31,245
Insurance and Bonding	30,405	32,055
Computer Support	23,916	28,070
Depreciation	21,468	22,531
Board Members and Meeting Expenses	16,475	8,532
Building Operating Expenses	13,727	16,813
Telephone and Internet	9,065	8,073
Office Supplies	8,549	8,388
Office Equipment Rental and Maintenance	5,300	5,315
Miscellaneous	2,545	36
Postage and Shipping	2,001	3,006
Registration Fees	1,480	660
Printing	161	454
Total Operating Expenses	<u>1,176,156</u>	<u>1,004,445</u>
INCOME FROM OPERATIONS	<u>216,351</u>	<u>341,833</u>
NON-OPERATING REVENUES (EXPENSES):		
Interest and Dividend Income	29,089	3,840
Unrealized Loss on Investments	(91,842)	(3,962)
Total Non-Operating Revenues (Expenses)	<u>(62,753)</u>	<u>(122)</u>
CHANGE IN NET POSITION	153,598	341,711
NET POSITION--Beginning of Year	<u>2,035,121</u>	<u>1,693,410</u>
NET POSITION--End of Year	<u>\$ 2,188,719</u>	<u>\$ 2,035,121</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Fees and Other Income	\$ 1,420,567	\$ 1,355,368
Cash Payments to Employees for Services	(549,775)	(492,820)
Cash Payments for Operating Expenses	<u>(598,146)</u>	<u>(481,484)</u>
Net Cash Provided by Operating Activities	<u>272,646</u>	<u>381,064</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Acquisition of Capital Assets	<u>(12,748)</u>	<u>(11,732)</u>
Net Cash Used by Financing Activities	<u>(12,748)</u>	<u>(11,732)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investments	(28,058)	(1,002,296)
Interest Income	<u>29,089</u>	<u>3,840</u>
Net Cash Provided (Used) by Investing Activities	<u>1,031</u>	<u>(998,456)</u>
NET INCREASE (DECREASE) IN CASH	260,929	(629,124)
CASH--Beginning of Year	<u>1,097,590</u>	<u>1,726,714</u>
CASH--End of Year	<u>\$ 1,358,519</u>	<u>\$ 1,097,590</u>
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Income from Operations	\$ 216,351	\$ 341,833
Adjustments to Reconcile Income from Operations to Net Cash Provided by Operating Activities:		
Depreciation	21,468	22,531
Changes in Assets and Liabilities:		
Employee Advance	(881)	
Prepaid Expenses	(2,689)	(965)
Accounts Payable	9,533	5,000
Withheld and Accrued Payroll Taxes	(8,847)	9,099
Unearned Revenue	28,060	9,090
SEP Retirement Contribution Payable	191	207
Accrued Vacation	<u>9,460</u>	<u>(5,731)</u>
Net Cash Provided by Operating Activities	<u>\$ 272,646</u>	<u>\$ 381,064</u>

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

NORTH CAROLINA VETERINARY MEDICAL BOARD
Notes to Financial Statements
June 30, 2022 and 2021

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, 2022 and 2021

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, 2022 and 2021 was \$28,468 and \$19,008, 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, 2022 and 2021

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, 2022 and 2021, the Board had carrying amounts of \$1,358,294 and \$1,097,366, respectively, and bank balances of \$1,389,212 and \$1,127,252, respectively. Of these bank balances, which include a non-interest bearing checking account, \$250,000 was covered by federal depository insurance and \$1,139,212 and \$877,252, respectively, were uninsured.

3. Capital Assets

Changes in capital assets as of and for the year ended June 30, 2022 and 2021 are as follows:

	Cost 6/30/2021	Acquisitions	Disposals	Cost 6/30/2022	Accumulated Depreciation	Net Amount
Land	\$ 150,000	\$	\$	\$ 150,000	\$	\$ 150,000
Building/Improvements	548,508	12,748		561,256	243,498	317,758
Furniture/Equipment	79,448			79,448	57,879	21,569
	<u>\$ 777,956</u>	<u>\$ 12,748</u>	<u>\$</u>	<u>\$ 790,704</u>	<u>\$ 301,377</u>	<u>\$ 489,327</u>
	Cost 6/30/2020	Acquisitions	Disposals	Cost 6/30/2021	Accumulated Depreciation	Net 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>\$</u>	<u>\$</u>	<u>\$ 777,956</u>	<u>\$ 279,909</u>	<u>\$ 498,047</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 \$21,468 for the year ended June 30, 2022 and \$22,531 for the year ended June 30, 2021.

4. Investments

Investments are carried on the books at fair value at June 30, 2022 and 2021 as follows:

	Carrying Value	Cost	Unrealized Loss
<u>June 30, 2022:</u>			
Mutual Funds	<u>\$ 934,550</u>	<u>\$ 1,030,354</u>	<u>\$ (95,804)</u>
<u>June 30, 2021:</u>			
Mutual Funds	<u>\$ 998,334</u>	<u>\$ 1,002,296</u>	<u>\$ (3,962)</u>

NORTH CAROLINA VETERINARY MEDICAL BOARD

Notes to Financial Statements

June 30, 2022 and 2021

4. Investments (Continued)

Dividend and interest income for the years ended June 30, 2022 and 2021 was \$29,089 and \$3,840, respectively. Net unrealized losses totaled \$91,842 and \$3,962 for the years ended June 30, 2022 and 2021, respectively.

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, 2022 and 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
Balance at	June 30,			
2022				
Mutual Funds	\$ 934,550	\$ 934,550	\$	\$
		Level 1	Level 2	Level 3
		Quoted Prices in	Significant	
		Active Markets	Other	Significant
		for Identical	Observable	Unobservable
		Assets	Inputs	Inputs
Balance at	June 30,			
2021				
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 \$5,300 in 2022 and \$5,315 in 2021.

NORTH CAROLINA VETERINARY MEDICAL BOARD

Notes to Financial Statements

June 30, 2022 and 2021

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, 2022 was \$287,062; the Board's total payroll was \$438,753. 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 pension contribution amounted to \$13,857 for 2022 and \$13,475 for 2021. The Board had outstanding liabilities to the plan in the amount of \$4,291 at June 30, 2022 and \$4,100 at June 30, 2021. 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 the years ended June 30, 2022 and 2021. 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.

NORTH CAROLINA VETERINARY MEDICAL BOARD
Notes to Financial Statements
June 30, 2022 and 2021

12. Subsequent Events

Management evaluated subsequent events through September 22, 2022, which is the date the financial statements were available to be issued. They discovered no subsequent events that should be disclosed.

