

# **NORTH CAROLINA BOARD OF PODIATRY EXAMINERS**

**Financial Statements for the  
Year Ended May 31, 2023 and  
Independent Auditor's Report**

# **NORTH CAROLINA BOARD OF PODIATRY EXAMINERS**

**Financial Statements for the  
Year Ended May 31, 2023 and  
Independent Auditor's Report**

## **BOARD MEMBERS (2023)**

J. Scott Stancil, DPM, President

James Judge, DPM, Vice President

Alan P. Bocko, DPM , Secretary-Treasurer

Tanzy Wallace, Public Member

## **BOARD ADMINISTRATOR**

Tracy Steadman, Executive Secretary

## **LEGAL COUNSEL**

Young Moore and Henderson, P.A.

# NORTH CAROLINA BOARD OF PODIATRY EXAMINERS

## TABLE OF CONTENTS

---

	<u>Page</u>
MANAGEMENT’S DISCUSSION AND ANALYSIS	1 - 4
INDEPENDENT AUDITOR’S REPORT	5 - 7
FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2023	
Statement of Net Position	8
Statement of Revenues, Expenses, and Changes in Net Position	9 - 10
Statement of Cash Flows	11
Notes to Financial Statements	12 - 17

# **NORTH CAROLINA BOARD OF PODIATRY EXAMINERS**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Introduction**

This section of the Board's financial report represents Management's analysis of the Board's financial performance during the year ended May 31, 2023. Please read it in conjunction with the financial statements which follow this section.

### **Financial Highlights**

During 2023 the net position of the Board increased by \$2,642, or 0.97%, due primarily to the Board's operating revenues exceeding its operating expenses.

During 2023, the operating revenues of the Board increased by \$3,684, or 3.27%, due primarily to an increase in exam fee income and individual renewal fees.

During 2023, the non-operating revenues of the Board increased by \$4,037, or 219.64%, due primarily to valuation adjustments to certificates of deposit in the secondary market and an increase in interest earning rates.

During 2023, the operating expenses of the Board decreased by \$3,487, or 2.92%, due primarily to a decrease in exam related 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 the Governmental Accounting Standards Board (GASB). The Financial Statements also include notes to the financial statements that provide detail of the information included in the 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 Statement of Net Position presents the current and long-term portions of assets and liabilities separately.

The Statement of Revenues, Expenses, and Changes in Net Position presents information on how the Board's assets changed as a result of its operations.

The Statement of Cash Flows presents information on how the Board's cash changed as a result of its financial activities.

# NORTH CAROLINA BOARD OF PODIATRY EXAMINERS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Condensed Financial Information

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

	Current Year as of and for the year ended May 31, 2023	Prior Year as of and for the year ended May 31, 2022
Current assets	\$ 109,868	\$ 105,138
Other assets	198,084	197,961
Total assets	<u>\$ 307,952</u>	<u>\$ 303,099</u>
Current liabilities	\$ 34,223	\$ 32,012
Total liabilities	<u>\$ 34,223</u>	<u>\$ 32,012</u>
Unrestricted net position	\$ 273,729	\$ 271,087
Total net position	<u>\$ 273,729</u>	<u>\$ 271,087</u>
Operating revenues	\$ 116,185	\$ 112,501
Operating expenses	<u>(115,742)</u>	<u>(119,229)</u>
Operating income	443	(6,728)
Non-operating revenues	<u>2,199</u>	<u>(1,838)</u>
Change in net position	<u>\$ 2,642</u>	<u>\$ (8,566)</u>

# NORTH CAROLINA BOARD OF PODIATRY EXAMINERS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Financial Analysis

Net position is an indicator of the fiscal health of the Board. Assets exceeded liabilities by \$273,729 for the year ended May 31, 2023, and \$271,087 for the year ended May 31, 2022. The largest component of net position was cash and investments. Cash and investments represented 109.45% of total net position for the year ended May 31, 2023. Cash and investments represented 108.91% of total net position for the year ended May 31, 2022. Current assets consist of cash in bank and prepaid professional dues and prepaid insurance. The Board has no capital assets. Current liabilities consist of accounts payable due to vendors and unearned revenue from license fees paid in advance. The Board has no long-term liabilities. Net Position consists entirely of unrestricted net assets. The following is a comparative summary of the Statements of Net Position.

	Current Year May 31, 2023	Prior Year May 31, 2022	Amount of Change	Percentage Change
Current assets	\$ 109,868	\$ 105,138	\$ 4,730	4.50%
Other assets	198,084	197,961	123	0.06%
Total assets	<u>\$ 307,952</u>	<u>\$ 303,099</u>	<u>\$ 4,853</u>	<u>1.60%</u>
Current liabilities	\$ (34,223)	\$ (32,012)	\$ (2,211)	6.91%
Total liabilities	<u>\$ (34,223)</u>	<u>\$ (32,012)</u>	<u>\$ (2,211)</u>	<u>6.91%</u>
Unrestricted	\$ 273,729	\$ 271,087	\$ 2,642	0.97%
Total net position	<u>\$ 273,729</u>	<u>\$ 271,087</u>	<u>\$ 2,642</u>	<u>0.97%</u>

The following is a summary of the Statement of Revenues, Expenses, and Changes in Net Position. Further discussion of this is included in the preceding section entitled "Financial Highlights."

	The year ended May 31, 2023	The year ended May 31, 2022	Amount of Change	Percentage Change
Operating revenues	\$ 116,185	\$ 112,501	\$ 3,684	3.27%
Operating expenses	(115,742)	(119,229)	3,487	-2.92%
Non-operating revenues	2,199	(1,838)	4,037	219.64%
Change in net position	<u>\$ 2,642</u>	<u>\$ (8,566)</u>	<u>\$ 11,208</u>	<u>130.84%</u>
Ending net position	<u>\$ 273,729</u>	<u>\$ 271,087</u>	<u>\$ 2,642</u>	<u>0.97%</u>

## NORTH CAROLINA BOARD OF PODIATRY EXAMINERS

### MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a breakdown of operating revenues by source. Further discussion of this is included in the preceding section entitled "Financial Highlights."

	The year ended May 31, 2023	The year ended May 31, 2022	Amount of Change	Percentage Change
Individual renewal fees	\$ 86,250	\$ 84,567	\$ 1,683	1.99%
New individual licenses	2,033	2,317	(284)	-12.26%
Corporate license renewals	4,937	4,825	112	2.32%
New corporate licenses	292	229	63	27.51%
Late fee income	3,055	2,970	85	2.86%
Exam fee income	15,050	12,600	2,450	19.44%
Mailing list income	3,900	4,500	(600)	-13.33%
Other income	668	493	175	35.50%
Total	\$ 116,185	\$ 112,501	\$ 3,684	3.27%

The following is a breakdown of non-operating revenues by source. Further discussion of this is included in the preceding section entitled "Financial Highlights."

	The year ended May 31, 2023	The year ended May 31, 2022	Amount of Change	Percentage Change
Interest income	\$ 2,704	\$ 616	\$ 2,088	338.96%
Unrealized gain/loss (on CDs in the secondary market)	(505)	(2,454)	1,949	79.42%
Total	\$ 2,199	\$ (1,838)	\$ 4,037	219.64%

### Events Affecting Future Operations

The Board is not aware of any significant events that may affect future operations of the Board which are reportable pursuant to GASB reporting requirements. The Board anticipates that revenues and expenses of the Board in the upcoming year will be comparable to preceding years.

### Contacting the Board's Management

This financial report is designed to provide a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives. If you have any questions about this report or need additional information, contact: North Carolina Board of Podiatry Examiners, 3739 National Drive, Suite 202, Raleigh, NC 27612.

***Hawley, C.P.A., P.A.***  
**Certified Public Accountant**

Suite B1  
800 N. Raleigh St.  
P.O. Box 1545  
Angier, North Carolina 27501-1545

Telephone: (919) 639-4825  
Facsimile: (919) 639-3102

**INDEPENDENT AUDITOR'S REPORT**

Members of the Board  
North Carolina Board of Podiatry Examiners  
Raleigh, North Carolina

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the financial statements of the North Carolina Board of Podiatry Examiners (Board), an independent state board which is a nonmajor enterprise fund of the primary government of the State of North Carolina, as of and for the year ended May 31, 2023, and the related notes to the financial statements, which comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the accompanying financial statements present fairly, in all material respects, the respective financial position of the North Carolina Board of Podiatry Examiners as of May 31, 2023, and the results of its operations, changes in financial position, and cash flows 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 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.

***Responsibilities of Management for the Financial Statements***

The Board's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for one year after the date that the financial statements are issued.



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### *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 Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## INDEPENDENT AUDITOR'S REPORT (CONCLUDED)

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, be presented to supplement the basic financial statements. Such information 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.



Hawley, C.P.A., P.A.  
Angier North Carolina

August 23, 2023

**NORTH CAROLINA BOARD OF PODIATRY EXAMINERS**  
**STATEMENT OF NET POSITION**  
**AS OF MAY 31, 2023**

	<b>May 31, 2023</b>
	<b>Proprietary- Enterprise Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents (Notes 1 and 2)	\$ 102,272
Prepaid expenses (Note 1)	7,596
Total current assets	109,868
Other assets:	
Investments (Notes 1, 2 and 3)	197,336
Accrued interest receivable (on investments)	748
Total other assets	198,084
<b>TOTAL ASSETS</b>	<b>\$ 307,952</b>
<b>LIABILITIES AND NET POSITION</b>	
Current liabilities:	
Accounts payable (Note 4)	\$ 3,081
Unearned revenue (Note 1)	31,142
Total current liabilities	34,223
<b>TOTAL LIABILITIES</b>	<b>34,223</b>
<b>NET POSITION (NOTE 1)</b>	
Unrestricted net position	273,729
<b>TOTAL NET POSITION</b>	<b>273,729</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 307,952</b>

See notes to financial statements.

**NORTH CAROLINA BOARD OF PODIATRY EXAMINERS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED MAY 31, 2023**

	<b>2023</b>
	<b>Proprietary- Enterprise Fund</b>
OPERATING REVENUES:	
Fees, licenses, and fines:	
Individual renewal fees	\$ 86,250
New individual licenses	2,033
Corporate license renewals	4,937
New corporate licenses	292
Exam fee income	15,050
Late fee income	3,055
Other operating income:	
Mailing list income	3,900
Other income	668
Total operating revenues	\$ 116,185
OPERATING EXPENSES:	
Personal services (and board members expenses):	
Board per diem expense (including meals and transportation)	\$ 4,780
Supplies and materials:	
Office supplies expense	1,314
Services:	
Contracted management services - administrative fees (Note 5)	50,633
Staff travel expense	121
Professional dues	1,838
Legal and accounting fees	21,895
Information technology expense	100
Website and graphics expense	518
Copying and printing expense	1,530
Mailing/postage expense	2,456
Telephone expense	480
Exam expense (including exam supplies, food supplies and rental space)	13,900
Bank charges (including merchant fees)	2,018

See notes to financial statements.

**NORTH CAROLINA BOARD OF PODIATRY EXAMINERS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED MAY 31, 2023**

	<u>2023</u>
	<u>Proprietary- Enterprise Fund</u>
OPERATING EXPENSES (CONTINUED)	
Insurance expense	14,159
Total operating expenses	<u>\$ 115,742</u>
Operating income (loss)	\$ 443
NON-OPERATING REVENUES (EXPENSES):	
Interest income (Notes 1 and 2)	\$ 2,704
Unrealized gain/loss (on certificates of deposit in the secondary market) (Notes 1 and 2)	<u>(505)</u>
Total non-operating revenues	\$ 2,199
Change in net position	<u>\$ 2,642</u>
Net position - beginning of year	<u>271,087</u>
Net position - end of year	<u><u>\$ 273,729</u></u>

See notes to financial statements.

**NORTH CAROLINA BOARD OF PODIATRY EXAMINERS**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED MAY 31, 2023**

	<b>2023</b>
	<b>Proprietary- Enterprise Fund</b>
Cash flows from operating activities:	
Cash received from fees and other revenues	\$ 126,523
Cash payments for operating expenses	(123,739)
Net cash provided by operating activities	\$ 2,784
Cash flows from investing activities:	
Proceeds from maturing investments	\$ 100,000
Purchases of investments	(100,000)
Interest earned from investments	2,076
Net cash provided by (used in) investing activities	\$ 2,076
Net increase (decrease) in cash	\$ 4,860
Cash - beginning of year	97,412
Cash - end of year	\$ 102,272
Reconciliation of operating income (loss)	
to net cash provided by operating activities:	
Operating income (loss)	\$ 443
Adjustments to reconcile operating income (loss)	
to net cash provided by operating activities:	
Changes in assets and liabilities:	
Prepaid expenses	\$ 130
Accounts payable	(8,127)
Unearned revenue	10,338
Total adjustments	\$ 2,341
Net cash provided by operating activities	\$ 2,784

See notes to financial statements.

**NORTH CAROLINA BOARD OF PODIATRY EXAMINERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MAY 31, 2023**

---

Note 1 - Nature of Activities and Significant Accounting Policies

**Description of Organization and Purpose**

The North Carolina Board of Podiatry Examiners (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 four 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 Annual Comprehensive Financial Report (ACFR).

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

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

**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 the State's Annual Comprehensive Financial Report (ACFR). These financial statements for the Board are separate and apart from those of the State of North Carolina and do not present the financial position of the State nor changes in the State's financial position and cash flows.

**Basis of Presentation**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (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.

**NORTH CAROLINA BOARD OF PODIATRY EXAMINERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MAY 31, 2023**

---

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

**Basis of Accounting**

The financial statements of the Board are prepared using the economic resource measurement focus and the accrual basis of accounting. The economic resource measurement focus measures all assets that are available to the entity, not only cash or soon to be assets. Both long-term assets and long-term liabilities are measured and depreciation is recorded as a cost of operations. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when a liability has been incurred, regardless of the timing of cash flows. Fees received for the various licenses are deemed earned when the license period begins.

The Statement of Revenues, Expenses, and Changes in Net Position classifies the Board's revenues as operating. 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 and includes activities that have characteristics of exchange transactions. Operating expenses are all expense transactions incurred other than those related to capital and noncapital financing or investing activities as defined by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Non-operating revenues and expenses consist of those revenues and expenses that are related to investing, capital, and non-capital financing activities; and are classified as non-operating in the financial statements.

**Cash and Cash Equivalents**

This classification includes undeposited receipts, petty cash, checking accounts and time deposits (excluding certain certificates of deposit) held by the Board.

**Investments**

The Board is authorized to invest idle funds in accordance with North Carolina General Statutes. This classification consists of certain certificates of deposits held by the Board for investment. Investments generally are reported at fair market value. Certificates of deposit are reported at cost (which is the same as fair value) if purchased in the primary certificate of deposit market, and at fair value if purchased in the secondary certificate of deposit market (as determined by quoted market prices). The net increase (decrease) in the fair value of investments for certificates of deposit is recognized as a component of investment interest income.

**Prepaid Expenses**

This classification includes prepaid professional dues and prepaid insurance.

**Unearned Revenue**

The Board's fees are assessed and collected for fiscal periods which do not correspond with the Board's financial accounting period. License fees received in the latter part of the fiscal year are deferred and recognized as revenue over the periods to which they relate.



**NORTH CAROLINA BOARD OF PODIATRY EXAMINERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MAY 31, 2023**

---

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

**Net Position**

Net investment in capital assets - This component of net position consists of total investment in capital assets (net of accumulated depreciation) and reduced by outstanding liabilities (if any) related to those capital assets. The Board had no capital assets at year end.

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 net investment in capital assets*.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 - Deposits and Investments

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 a formal written policy regarding custodial credit risk for deposits.

At May 31, 2023, the Board's deposits in banks had a carrying amount of \$299,608 and a bank balance of \$306,556, which was covered by federal depository insurance. Certificates of deposit in the amount of \$197,336 are considered time deposits for this disclosure and are classified as investments on the Statement of Net Position.

The Board had interest earnings of \$2,704 for the year ended May 31, 2023. The Board had an unrealized loss of \$505 on certificates of deposit in the secondary market for the year ended May 31, 2023.

**NORTH CAROLINA BOARD OF PODIATRY EXAMINERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MAY 31, 2023**

---

Note 2 - Deposits and Investments (Continued)

The Board is subject to the following risks:

Interest rate risk - Interest rate risk is the risk the Board may face should interest rate variances affect the fair value of investments. As a means of limiting its exposure to fair value losses arising from interest rate variances, the Board limits its investments, if any, to certificates of deposits with maturities of no more than 36 months and to money market mutual funds.

Credit risk - Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. Investments of the Board are subject to the statutory requirements of North Carolina General Statutes; however, the Board's present policy for managing credit risk is to limit its investments to certificates of deposits and money market mutual funds.

The following table presents fair value of investments by type and investment subject to interest rate risk and credit risk at May 31, 2023, for the Board's investments.

Investment Type	Fair Value	Properties of Debt Securities	
		Weighted Avg Maturities	Ratings
Securities:			
Certificates of Deposit	\$ 197,336	21 Months	N/A

**Reconciliation of Deposits and Investments**

A reconciliation of deposits and investments for the Board to the basic financial statements at May 31, 2023 is as follows:

	May 31, 2023
Carrying Amount of Bank Deposits	\$ 102,272
Certificates of Deposits	197,336
Total Deposits and Investments	<u>\$ 299,608</u>
Current:	
Cash and Cash Equivalents	\$ 102,272
Noncurrent:	
Investments	<u>197,336</u>
Total Deposits and Investments	<u>\$ 299,608</u>

**NORTH CAROLINA BOARD OF PODIATRY EXAMINERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MAY 31, 2023**

---

Note 3 - Fair Value Measurements

To the extent available, the Board's investments are recorded at fair value as of May 31, 2023. GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

- Level 1: Investments whose values are based on quoted prices (unadjusted) for identical assets in active markets that the Board can access at the measurement date.
- Level 2: Investments with inputs – other than quoted prices included within Level 1 –that are observable for an asset, either directly or indirectly
- Level 3: Investments classified as Level 3 have unobservable inputs and may require a degree of professional judgment.

The following table summarizes the Board's investments within the fair value hierarchy as of May 31, 2023.

Investments by Fair Value Level	Fair Value Measurements Using			
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Negotiable certificates of deposit	\$ 197,336	\$	\$ 197,336	\$

Note 4 - Accounts Payable

Accounts payable consists of amounts due to vendors in the ordinary operations of the Board. Accounts payable due in the ordinary operations of the Board which are due to other state agencies (if any) are reported separately.

	May 31, 2023	
Due to Vendors	\$	3,081
Total Accounts Payable	\$	3,081

**NORTH CAROLINA BOARD OF PODIATRY EXAMINERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MAY 31, 2023**

---

Note 5 - Contracted Management Services

The Board does not have any employees. The Board contracts with a management consultant service to provide services for the Board. The contract includes all services related to the process of licensure application and renewal and various other clerical duties. The Board also reimburses the management service for telephone, printing, copying, postage and miscellaneous office supplies and expenses. Payments to the management service totaled \$56,521 (which consisted of contractual management fees in the amount of \$50,633; and reimbursements in the amount of \$5,888) during the fiscal year ended May 31, 2023.

Note 6 - 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.

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 year under audit do not materially affect the Board's operations, changes in financial position, or cash flows for the year herein ended.

Note 8 - Subsequent Events

Subsequent events have been evaluated through August 23, 2023, 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.

This audit was conducted in approximately 55 audit hours at a cost of \$5,495.