



Financial Statements

for

**NORTH CAROLINA VETERINARY  
MEDICAL BOARD**

Years Ended June 30, 2024 and 2023  
with Independent Auditor's Report

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## Independent Auditor's Report

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

### ***Opinion***

We have audited the financial statements of the North Carolina Veterinary Medical Board (the Board), a component unit of the State of North Carolina, as of and for the years ended June 30, 2024 and 2023, 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 Board, as of June 30, 2024 and 2023, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits 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 audits. 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***

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 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 Board's ability to continue as a going concern for twelve 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.

Board of Directors  
North Carolina Veterinary Medical Board  
Independent Auditor's Report, continued

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.

***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 GAAS, 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  
November 8, 2024



## **NORTH CAROLINA VETERINARY MEDICAL BOARD**

### **Management's Discussion and Analysis**

**June 30, 2024 and 2023**

**(unaudited)**

The following is a discussion and analysis of the North Carolina Veterinary Board's (the Board) financial performance for the fiscal year ended June 30, 2024. Please read it in conjunction with the financial statements which follow this section.

#### **Financial Highlights**

The operating revenues of the Board increased \$31,420 or 2.2%, due primarily to an increase in the number of renewing licensees and hospital inspection fees.

The operating expenses of the Board decreased by \$9,178 or 0.77%, due to decreased salaries.

#### **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.

**NORTH CAROLINA VETERINARY MEDICAL BOARD**  
Management's Discussion and Analysis, continued  
June 30, 2024 and 2023  
(unaudited)

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

	<b>As of and for the Year Ended <u>June 30, 2024</u></b>	<b>As of and for the Year Ended <u>June 30, 2023</u></b>
Current assets	\$ 2,021,665	\$ 1,679,411
Capital assets, net of depreciation	446,825	469,082
Non-current assets	<u>1,022,254</u>	<u>946,234</u>
Total assets	<b>3,490,744</b>	3,094,727
Current liabilities	619,775	602,985
Non-current liabilities	<u>38,261</u>	<u>33,687</u>
Total liabilities	<b>658,036</b>	636,672
Investment in capital assets	446,825	469,082
Unrestricted net position	<u>2,385,883</u>	<u>1,988,973</u>
Total net position	<b>\$ 2,832,708</b>	<b>\$ 2,458,055</b>
Operating revenues	\$ 1,482,608	\$ 1,451,188
Operating expenses	<u>1,185,662</u>	<u>1,194,840</u>
Operating income	<b>296,946</b>	256,348
Non-operating revenues (expenses)	<u>77,707</u>	<u>12,988</u>
Change in net position	<b>\$ 374,653</b>	<b>\$ 269,336</b>

### **Capital Assets**

Investment in capital assets as of June 30, 2024 totals \$446,825 (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.

# NORTH CAROLINA VETERINARY MEDICAL BOARD

## Statements of Net Position

June 30, 2024 and 2023

<b>Assets</b>	<b><u>2024</u></b>	<b><u>2023</u></b>
Current assets:		
Cash	\$ 2,011,948	\$ 1,659,699
Prepaid expenses	<u>9,717</u>	<u>19,712</u>
Total current assets	2,021,665	1,679,411
Capital assets, net of depreciation:		
Land	150,000	150,000
Building and improvements	288,471	303,114
Furniture and office equipment	<u>8,354</u>	<u>15,968</u>
Total capital assets, net of depreciation	446,825	469,082
Non-current assets:		
Investments	<u>1,022,254</u>	<u>946,234</u>
Total assets	\$ <u>3,490,744</u>	\$ <u>3,094,727</u>
 <b>Liabilities and Net Position</b>		
Current liabilities:		
Accounts payable	\$ 18,673	\$ 18,182
Withheld and accrued payroll taxes	726	336
Unearned revenue	596,085	576,660
SEP retirement contribution payable	<u>4,291</u>	<u>7,807</u>
Total current liabilities	619,775	602,985
Non-current liabilities:		
Accrued vacation	<u>38,261</u>	<u>33,687</u>
Total liabilities	658,036	636,672
Net position:		
Investment in capital assets	446,825	469,082
Unrestricted net position	<u>2,385,883</u>	<u>1,988,973</u>
Total net position	\$ <u>2,832,708</u>	\$ <u>2,458,055</u>

See accompanying notes.

# NORTH CAROLINA VETERINARY MEDICAL BOARD

## Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating revenues:		
License and renewal fees	\$ 1,224,490	\$ 1,180,390
Examination/application fees	112,750	110,350
Hospital inspection fees	103,775	124,075
Temporary permits	13,600	9,900
Service verifications	8,112	7,200
Reinstatement fees	3,400	5,700
Miscellaneous income	<u>16,481</u>	<u>13,573</u>
Total operating revenues	1,482,608	1,451,188
Operating expenses:		
Salaries	515,616	520,470
Legal, audit, and other professional fees	186,428	221,131
Employee benefits	118,490	111,108
Contractual services - Impairment Fund	67,500	67,500
Travel	50,596	50,478
Insurance and bonding	47,311	34,523
Online processing fees	38,386	36,429
Payroll taxes	36,928	40,203
Depreciation	22,258	21,767
Office supplies	58,212	21,000
Board members and meeting expenses	13,732	16,977
Building operating expenses	7,348	17,907
Telephone and internet	7,330	7,529
Computer support	7,047	20,147
Office equipment rental and maintenance	4,599	5,408
Postage and shipping	2,223	2,013
Miscellaneous	<u>1,658</u>	<u>250</u>
Total operating expenses	<u>1,185,662</u>	<u>1,194,840</u>
Income from operations	296,946	256,348
Non-operating revenues (expenses):		
Interest and dividend income	53,434	37,966
Unrealized gain (loss) on investments	<u>24,273</u>	<u>(24,978)</u>
Total non-operating revenues (expenses)	77,707	12,988
Change in net position	374,653	269,336
Net position, beginning of year	<u>2,458,055</u>	<u>2,188,719</u>
Net position, end of year	\$ <u>2,832,708</u>	\$ <u>2,458,055</u>

See accompanying notes.



# NORTH CAROLINA VETERINARY MEDICAL BOARD

## Statements of Cash Flows

Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Cash flows from operating activities:</b>		
Cash received from fees and other income	\$ 1,502,033	\$ 1,471,918
Cash payments to employees for services	(669,521)	(662,962)
Cash payments for operating expenses	<u>(481,949)</u>	<u>(507,558)</u>
Net cash provided by operating activities	350,563	301,398
<b>Cash flows from investing activities:</b>		
Purchase of investments	(51,748)	(36,662)
Interest and dividend income	<u>53,434</u>	<u>37,966</u>
Net cash provided by investing activities	1,686	1,304
<b>Cash flows from financing activities:</b>		
Acquisition of capital assets	<u>-</u>	<u>(1,522)</u>
Net cash used in financing activities	<u>-</u>	<u>(1,522)</u>
Net increase in cash	352,249	301,180
Cash and cash equivalents, beginning of year	<u>1,659,699</u>	<u>1,358,519</u>
Cash and cash equivalents, end of year	\$ <u>2,011,948</u>	\$ <u>1,659,699</u>
<b>Reconciliation of income from operations to net cash provided by operating activities:</b>		
Income from operations	\$ 296,946	\$ 256,348
Adjustments:		
Depreciation	22,258	21,767
Changes in assets and liabilities:		
Employee advance	-	881
Prepaid expenses	9,995	2,730
Accounts payable	491	(9,877)
Withheld and accrued payroll taxes	390	84
Unearned revenue	19,425	20,730
SEP retirement contribution payable	(3,516)	3,516
Accrued vacation	<u>4,574</u>	<u>5,219</u>
Net cash provided by operating activities	\$ <u>350,563</u>	\$ <u>301,398</u>

See accompanying notes.

# **NORTH CAROLINA VETERINARY MEDICAL BOARD**

## **Notes to the Financial Statements**

### **1. Description of the Organization**

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 *Annual Comprehensive Financial Report (ACFR)*.

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.

### **2. Summary of Significant Accounting Policies**

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 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 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 VETERINARY MEDICAL BOARD

### Notes to the Financial Statements, continued

#### 2. Summary of Significant Accounting Policies, continued

##### 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 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.

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.

##### Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Company considers all highly liquid investments with a maturity, at time of purchase, of three months or less to be cash equivalents.

##### 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 \$2,500 or greater for the year ended June 30, 2024 and later, and \$500 or greater for the years ended June 30, 2023 and prior 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.

##### 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.

##### 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, 2024 and 2023 was \$38,261 and \$33,687, 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.



## NORTH CAROLINA VETERINARY MEDICAL BOARD

### Notes to the Financial Statements, continued

#### 2. Summary of Significant Accounting Policies, continued

##### 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.

##### 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. As of June 30, 2024 and 2023, the Board had no restricted net position.

*Unrestricted Net Position* - This component of net position consists of net position that does not meet the definition of *restricted or investment in capital assets*.

##### 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.

##### Subsequent Events

Management evaluated subsequent events through November 8, 2024, which is the date the financial statements were available to be issued.

#### 3. Concentration of Risk

*Custodial Credit Risk.* The Board maintains a demand deposit at one commercial bank in North Carolina. At June 30, 2024 and 2023, the Board had carrying amounts of \$1,796,617 and \$1,658,069, respectively, and bank balances of \$2,046,617 and \$1,682,619, respectively. Of these bank balances, which include a non-interest bearing checking account, \$250,000 was covered by federal depository insurance and \$1,796,617 and \$1,432,619, respectively, were uninsured.



# NORTH CAROLINA VETERINARY MEDICAL BOARD

## Notes to the Financial Statements, continued

### 4. Capital Assets

Changes in capital assets as of and for the years ended June 30, 2024 and 2023 are as follows:

	<u>Cost</u> <u>6/30/2023</u>	<u>Acquisitions</u>	<u>Disposals</u>	<u>Cost</u> <u>6/30/2024</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Net Amount</u>
Land	\$ 150,000	\$ -	\$ -	\$ 150,000	\$ -	\$ 150,000
Buildings/improvements	561,256	-	-	561,256	272,785	288,471
Furniture/equipment	80,970	-	4,292	76,678	68,324	8,354
	<u>\$ 792,226</u>	<u>\$ -</u>	<u>\$ 4,292</u>	<u>\$ 787,934</u>	<u>\$ 341,109</u>	<u>\$ 446,825</u>
	<u>Cost</u> <u>6/30/2022</u>	<u>Acquisitions</u>	<u>Disposals</u>	<u>Cost</u> <u>6/30/2023</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Net Amount</u>
Land	\$ 150,000	\$ -	\$ -	\$ 150,000	\$ -	\$ 150,000
Buildings/improvements	561,256	-	-	561,256	258,142	303,114
Furniture/equipment	79,448	1,522	-	80,970	65,002	15,968
	<u>\$ 790,704</u>	<u>\$ 1,522</u>	<u>\$ -</u>	<u>\$ 792,226</u>	<u>\$ 323,144</u>	<u>\$ 469,082</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 \$22,258 and \$21,767 for the years ended June 30, 2024 and 2023, respectively.

### 5. Investments

Investments are carried on the books at fair value at June 30, 2024 and 2023 as follows:

	<u>Carrying value</u>	<u>Cost</u>	<u>Unrealized</u> <u>gain</u>
June 30, 2024:			
Mutual funds	<u>\$ 1,022,254</u>	<u>\$ 994,752</u>	<u>\$ 27,502</u>
June 30, 2023:			
Mutual funds	<u>\$ 946,234</u>	<u>\$ 943,005</u>	<u>\$ 3,229</u>

Dividend and interest income for the years ended June 30, 2024 and 2023 was \$53,434 and \$37,966, respectively. Net unrealized gains (losses) totaled \$24,273 and (\$24,978) for the years ended June 30, 2024 and 2023, respectively.

# NORTH CAROLINA VETERINARY MEDICAL BOARD

## Notes to the Financial Statements, continued

### 6. 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, 2024 and 2023 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:

*Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Organizations are open ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Board are deemed to be actively traded.

		Fair Value Measurements Using		
	Balance at June 30, 2024	Level 1	Level 2	Level 3
Mutual funds	\$ <u>1,022,254</u>	\$ <u>1,022,254</u>	\$ <u>-</u>	\$ <u>-</u>
	Balance at June 30, 2023	Level 1	Level 2	Level 3
Mutual funds	\$ <u>946,234</u>	\$ <u>946,234</u>	\$ <u>-</u>	\$ <u>-</u>

### 7. 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.

### 8. Leases

The Board leases office equipment. Total rent expense charged to operations under the lease agreements was \$4,599 and \$5,408 for the years ended June 30, 2024 and 2023, respectively.

## **NORTH CAROLINA VETERINARY MEDICAL BOARD**

### **Notes to the Financial Statements, continued**

#### **9. Pension Plan and Postemployment Benefits other than Pensions**

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 pension contribution amounted to \$18,248 and \$15,769 for the years ended June 30, 2024 and 2023, respectively. The Board had outstanding liabilities to the plan in the amount of \$4,291 and \$7,807 at June 30, 2024 and 2023, respectively. 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.

#### **10. 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.

#### **11. 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.

#### **12. 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 and \$67,500 for the years ended June 30, 2024 and 2023, respectively. These payments were made to benefit veterinarians in need of the services of the Program. The 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.